

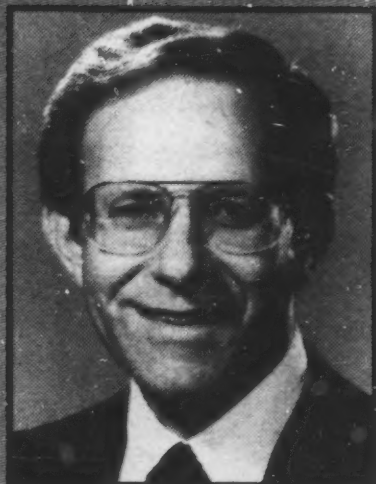
DRUG STORE NEWS

Vol. 13 No. 19

A Lebhar-Friedman publication

Perry will depart Chicago market

SUMMARY: Perry plans to pull out of Chicago to concentrate on its stronghold Michigan market. Fred Barney, formerly of Gray Drug, will buy 16 stores.



Robinson

By James Frederick
PONTIAC, Mich. — Perry Drug Stores will leave the Chicago market with the sale of 17 of its 21 Chicago-area drug stores late this month. The chain has agreed to sell 16 of those stores to an investment team headed by former Gray Drug Stores president Fred Barney, with the sale expected to be completed by Oct. 25.

Another Chicagoland store is being sold to its landlord. Perry is negotiating on the future of the four remaining Chicagoland units.

Seven of the stores are in Chicago itself, with the remainder scattered in suburban and outlying townships throughout the region.

The sale marks the end of a multistate market strategy for Perry—at least for the time being—and leaves the chain with 208 drug stores, all in Michigan.

See Perry page 21

Rich leaves Thrifty

By David Vaczek

LOS ANGELES — Eve Rich has resigned as Thrifty Drug's president because of a conflict in management styles with William Yingling, who was named Thrifty Corp. chairman and ceo in August, according to company sources and others.

Yingling, hired by Pacific Enterprises, the parent of Thrifty, to help spearhead a turnaround in the drug stores, said that Rich, 50, "decided to leave because of differences over management matters."

"We had hoped to work out our differences, but realized in the end it was a case of having different basic management styles," said Yingling, the 47-year-old former president of Lucky Stores' Southern California division.

In an apparent cordial parting, Rich said "the chain is on the right track and that its turnaround will succeed under Bill Yingling's leadership."

Some sources expressed surprise at the departure by Rich, who was the drug chain industry's highest-ranking woman, because PE executives expressed full support for her agenda to reorient the chain.

Yingling, a highly regarded executive, is seen as bringing a mass merchandising dimension to Thrifty, which boasts new senior mer-

chants hired by Rich from the fashion industry where she had worked.

Yingling supports the new game plan, the company said. It draws from research on Thrifty's market role by a management consulting firm, and calls for more focused marketing,

lower prices, new controls on operations, and development of a new store format. As of this month, 15 of the so-called "Lifestyle Stores" were opened. The plan remains to test the concept with 40 stores.

"[Their] differences aren't over the strategy, or Eve's ideas about target customers, changing the stores, or merchandise mix; the differences were over management matters," said Tom Sanger, a spokesman for the utility and retail company.

"We would have preferred not to have announced Eve's resignation; [the resignation]"

See Rich page 21



Rich

LATE NEWS

MELVILLE, N.Y. — Genovese Drug Stores has opened its third Great American deep discount store, in Lindenhurst, Long Island. The site is a converted conventional Genovese store, and has 19,000 square feet of selling

space. The store will be the first of a new format in the area.

Arbor will add Michigan end of bringing 21.

aho . . . old grand emonies for the stores it Furr's.

FEATURES



To service or not to service?

Having someone on hand to help customers may give chains a significant edge over the competition. Page 11.

Computers aid buying decisions

But DrSN survey also finds skeptics on computer benefits as chains develop POS and "expert systems." Page 6.

Walgreen caps 17th record year

Summary: Pharmacy—with double-digit gains—fueled Walgreen's growth this year. The chain believes that new store design elements will keep them at the forefront of the industry.

DEERFIELD, Ill. — Powered by heavy investments in technology, people and new and remodeled stores, Walgreen Co. drove sales and profits to record levels for the 17th year in a row in fiscal 1991.

The nation's top drug chain racked up double-digit gains in both sales and income for the year ended Aug. 31. Net earnings advanced 11.7 percent to \$195.0 million for the year, with sales up 11.3 percent to \$6.7 billion. Fourth-quarter profits rose 14 percent to \$46.1 million on sales of \$1.67 billion.

"Our pharmacy business again led sales growth by ad-

See Walgreen page 21

"Our pharmacy business again led sales growth by advancing 19.8 percent for the year. Pharmacy is 35 percent of our total sales, up from 23 percent just five years ago."

—Charles R. Walgreen III.



...and sets sights on Indianapolis market

DEERFIELD, Ill. — Walgreen Co. will enter the Indianapolis market next fall with the opening of 10 full-sized, freestanding drug stores. The stores—part of an aggressive, 110-store expansion program for 1992—will open in rapid succession, a company source indicated.

Details on specific store locations in this key Midwestern market aren't yet available. The move into Indianapolis will extend Walgreens' reach into Indiana, where the chain already operates more than 70 stores. The state was also the site of another new market entry in May of this year, when the chain opened six Walgreens RxPress stores in Evansville.

Those units, which feature pharmacies fronted by a scaled-down selection of OTC medicines in 2,000-square-foot ministores, are "exceeding expectations," the company noted in a recent report. Buoyed by their success, "Walgreen Co. is studying potential new markets for expansion," the report stated.

Despite—and perhaps in some locations because of—the moribund economy, Walgreens remains on an expansion tear. The chain opened or acquired 106 stores in fiscal 1991, ended Aug. 31, as well as a \$43 million distribution center which opened in June in the Lehigh Valley, Pa.

"We expect to open 110

See Indianapolis page 21

Walgreens at a glance

Sales	\$6.7 billion
Net earnings	\$195 million
Number of stores	1,646
States of operation	29
stores and Puerto Rico	

Source: Walgreens

NEWS IN BRIEF

Harris parent nixes stock sale

NEW YORK — The public stock offer by Rabco Health Services, Inc., parent of Harris Wholesale, has been indefinitely postponed, according to underwriter Bear, Stearns & Co.

Rabco hoped to sell 8.2 million shares of stock in an IPO at \$13 to \$15 per share to raise \$105.8 million.

The capital was earmarked to reduce the company's leverage and interest burden, built when the company fueled sales growth by bank borrowing. Rabco's debt was reported at \$89.4 million; fees and expenses were estimated at \$16.4 million.

"No one wanted to buy the stock. We had to bring it down to \$12 a share, and even then it wasn't selling," said Stephen Jaeger, of the Bear Stearns equities syndicate department.

NHMA cancels fall show

NEW YORK — The National Housewares Manufacturers Association (NHMA) has cancelled its 1992 fall show, and is scheduling just one show for the year.

The group's board of directors also voted to hold only one show a year as long as it faces soft demand for a second yearly event, NHMA officials said at a press conference here.

"The marketplace has spoken, and the board has listened," said Tom Conley, NHMA executive director.

"At the present time, it's clear that the industry support for the Atlanta show [planned for September 1992] just doesn't exist."

The move to one yearly show was sparked by declining vendor enrollment at the fall show and dwindling retailer attendance, Conley said.

Alco promotes three

MALVERN, Pa. — Alco Health Services Corp. named Robert McHugh as vp of marketing. He will work with manufacturers to develop national promotions and coordinate divisional marketing programs.

Ronald Robinson has been promoted to vp of merchandising, with responsibility for the corporate sales programs and the Family Pharmacy co-op's advertising program.

Daniel Dorsey has been promoted to vp of pharmacy programs. Dorsey will be responsible for multi-source product selection as well as administering Alco's generic and pharmaceutical repackaging program.

Chains push for charities

NEW YORK — After raising over \$400,000 in its Ben Hogan Cleveland Open in June, Revco will sponsor the charity golf benefit again in 1992. Checks are going to charities including the Boys & Girls Clubs of Cleveland, Lake County United Way, and Ronald McDonald House of Cleveland.

Also, Thrift Drug raised \$5,000 for the Literacy Volunteers of America and the Greater Pittsburgh Literacy Council with a No Nonsense pantyhose promotion, and Maple Drugs raised \$850 for the Leukemia Society of Michigan.

Costs drop on coupon handling

NEW YORK — The number of coupons redeemed by consumers increased 35 percent to 7.3 billion last year from 5.5 billion in 1983, a study says.

The study found that coupons issued by vendors nearly doubled in the same period, to 279 billion from 150 billion. The study by Arthur Andersen & Co. was commissioned by the Food Marketing Institute, NACDS, the National Grocers Association, and other trade groups to assess the cost of handling manufacturers' coupons.

Lower clearinghouse fees and reduced cashier payroll rates have contributed to cutting the cost of coupon handling, the study found.

Record-setting profits make Arbor growth golden

TROY, Mich. — Strong same-store sales gains, rapidly maturing newer stores and a sharp focus on its basic business continue to give Arbor Drugs record-breaking profits. Net income for the fiscal year ended July 31 was up 18.6 percent to \$13.05 million.

Sales for the year were up 18.9 percent to \$405.9 million, with stores open more than a year racking up 9.3 percent sales gains.

For the fourth quarter, net earnings were up 29.8 percent to \$3.5 million on sales of \$104.5 million. Chainwide sales for the period were up 17.7 percent, with same-store results showing a 7.9 percent increase.

"Fiscal 1991 was another year of distinction and achievement for [Arbor]," said chair-

man and ceo Eugene Applebaum. "This record-breaking performance again demonstrates our ability to achieve significant sales increases and the highest net profit percentage in the [publicly-held] chain drug store sector."

With 45 percent of its sales now coming out of the pharmacy, Arbor continues to base its strategy on a core drug store mix. HBA accounts for another 20 percent or more of sales, and photofinishing alone turns in 7 percent of total revenues. Greeting cards, candy, convenience foods, lottery tickets and other general merchandise round out the sales mix.

Applebaum said the 14 new stores opened in fiscal '91 were performing up to expectations. "Despite a slow econo-

my, the drug store segment of the retail industry continues to be recession-resistant," Applebaum said.

Arbor plans to open another 20 units in the current fiscal year. The chain now operates 115 units in Michigan, and plans for 150 stores in the state by 1993.

In another recent development, Shearson Lehman Brothers has added Arbor to its list of recommended growth stocks.

"We view Arbor as the best positioned regional drug chain, that will provide investors with a consistency of earnings growth and better than average returns over the long-term," noted Shearson analyst Kimberly Walin in a Sept. 17 report.

Kmart system tracks customer traffic

SUMMARY: Kmart is testing a computer system that counts customers in the store. It can alert store management to traffic patterns and may be a sales boosting tool.

By Barbara White
TROY, Mich. — If Kmart's new scanning system works well, customers won't have to waste another minute standing in long checkout lines or searching for a salesperson when they could be purchasing merchandise.

The discount department store chain—along with Fairfield, N.J.-based Datatec Industries—has developed a system that can track customer traffic and alert managers when departments need additional sales help. The system, called ShopperTrak, is being pilot-tested at Kmart's Westwood, N.J. store. It is the first site in the country to use such technology.

ShopperTrak uses infrared light beamed from ceiling-mounted scanners to create fields in which customer movement can be detected.



Kmart's new ShopperTrak system will track shopper traffic and alert management when more sales should be dispatched to departments. The discounter hopes the system will help convert browsers to buyers.

Eight scanners are in use at the Westwood location. One, located at the door, allows the retailer to track the number of customers entering and exiting the store. The others track traffic throughout the store.

"Through ShopperTrak we will not only improve service in the store on a minute-by-minute basis, but we will also

be able to compare customer count information with point-of-sale data," said David Carlson, senior vp-corporate information systems. "This will allow us to do several things better—predict customer traffic, schedule our sales associates, assess the value of specific in-store advertising—

Continued on page 21

Cancer benefit kicked off



OTC and HBA executives attended a kickoff party for the Skin Cancer Foundation's "Night on the Town," a gala benefitting the Foundation scheduled for Nov. 21.

Committee members (r to l): Victor Gauder, sr. vp-sales, Chesebrough-Pond's; Elvin Francis, exec. vp, Premium Sales; Eli Cohen, president and chief operating officer, Duane Reade and Foundation secretary-treasurer, Toney McCollum, vp-trade development, Duracell, USA; and Harry Hart, senior vp, Revlon.

Also present at the meeting: Bob Hannan, president and chief operating officer, Thrift, benefit general chairman, and Joe DeKama, president, J.D. Cosmetics and Foundation chairman.

IN THIS ISSUE

FEATURES

Technology Survey 6-8

COSMETICS AND FRAGRANCES

Service Cosmetics 11-13

Beauty Beat 14

Category in Motion 14-15

DEPARTMENTS

Opinion

In the Market 4

Washington Perspective 4

Technology Updates 8

Store Manager Training 16

Product Updates 18

People in the News 20

Finance 22

Two chains find what works & stick with it

Like the cooling breeze, the performance of two leading chain drug players—Walgreens and Arbor—provided welcome relief in a summer marked by the highs and lows of an uncertain economy.

Around the country there are drug chains that are managing to weather the problems caused by consumer anxieties. Some chains are even thriving. But none is doing better than Walgreens and Arbor, who reported their year-end results this month.



IN THE MARKET
BRUCE BUCKLEY

Though the two chains are vastly different in scope, they share many retail principles and approaches. It is those principles and approaches that are at the heart of their strength, and neither chain makes a secret of them. These principles

are simple, basic retailing combined with a healthy dose of modern technology.

What is hard—and what Walgreens and Arbor do so well—is the execution:

- They stick to the product mix that customers expect from them and promote those expectations heavily. That means prescriptions and OTC drugs, cosmetics and toiletries, greeting cards and photo and consumables and limited general merchandise.
- They pay close attention to their changing customer

mix so they are not left high and dry when demographic tides shift in their various markets.

• They use technology and improved information gathering to buy smart and smooth the flow of goods to their stores. Turnover benefits, and so does cash flow.

• They do “alliance-building” with suppliers, but in a measured and hard-headed business way.

• They invest in stores, keeping the look fresh, and they increase their presence in markets that make sense to them.

• They don't try to be price leaders; instead, they rely on promotion, efficient service and convenience to draw customers.

• Most important, they make their employees feel that they're a crucial part of a winning team.

This last point was emphasized by Michael J. O'Connor in a recent, thoughtful article on “Lean Retailing: An Idea That Could Make a Revolutionary Change”, published by Arthur Anderson's *International Trends in Retailing* last spring.

O'Connor, a retail consultant for Anderson and former president of the Super Market Institute (predecessor to FMI), wrote about the importance of empowering employees. “People want to feel that they matter. People want to feel that what they do has some importance and that they can progress. And people find it hard to work for a person or company they do not respect.” Respect for employees and customers is a given at Walgreens and Arbor.

Congress' illegal alien legislation backfires

Congressional “immigration reformers” are beginning to acknowledge that they made a serious mistake five years ago by approving legislation holding drug stores and other employers legally responsible for screening illegal aliens out of the workforce.

But, just as Congress begins debate on a new bill to repeal those controversial employer sanctions, officials at the Immigration and Naturalization Service (INS) are talking up proposals of their own that would create even greater compliance has-

les for the industry.

That law at the center of the controversy—the Immigration Reform and Control Act (IRCA) of 1986—shifted the burden of policing the nation's immigration laws from



WASHINGTON PERSPECTIVE
KEN RANKIN

the federal government to private employers.

For the last five years, that law has required employers to verify the immigration status of all new hires and to maintain records to document that they did obtain appropriate evidence from incoming employees.

Additionally, IRCA leaves businesses vulnerable to stiff federal penalties for violations of these requirements—including minor paperwork infractions.

Still another provision establishes government sanctions for employers who implement the law in a way that results in job discrimination against individuals who look or sound foreign.

Now, after five years, it's clear to many that employer hiring sanctions have failed to curb illegal immigration and businesses have been subjected to costly paperwork and recordkeeping burdens unnecessarily.

“Illegal aliens continue to pour into this country,” and “a cottage industry in counterfeit and fraudulent documents has flourished” because of IRCA, said Sen. Orrin Hatch (R-Utah), the point guard for the bipartisan effort to repeal the employer sanctions.

Sen. Edward Kennedy (D-Mass.), a co-sponsor of Hatch's repeal bill, openly admits that “Congress made the wrong move” in enacting employer sanctions. “We aimed at illegal aliens—but we hit law-abiding Americans, and it's time to correct our mistake.”

Despite support for the repeal legislation from all points on the political spectrum, federal bureaucrats responsible for policing the employer sanctions aren't getting the message.

Indeed, INS is considering plans to grant immigration agents sweeping new powers to subpoena records from business in order to measure employer compliance with the controversial hiring rules.

You figure it.

Letter To The Editor

Dear editor:

We appreciate very much the column by James Frederick (*Drug Store News*, Sept. 9, 1991) which detailed some of the work being done by Thresholds in cooperation with Walgreens and Chicago employers. The drug and alcohol abuse mentioned in the column accurately describes the condition of some of our members. However, the basic issue is mental illness, not substance abuse, as your article implies.

All of our members suffer from one type of mental illness or another. By recognizing this and treating the illness with medication, counseling, meaningful employment and support, Thresholds helps these individuals overcome their secondary substance abuse problems.

We appreciate your coverage and the fact that you point out how well people can recover from mental illness and its symptoms. Understanding the problems of mental illness is the first step in overcoming them. Recognizing the value of meaningful employment is also a key step for many of our members.

Jerry Dincin, Ph.D.
Executive Director
Thresholds

DRUG STORE NEWS

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
(212) 756-8220
Subscription Services:
(813) 664-6707
Cable Address: LEBHAFRIED
Parafax: (212) 756-5250

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**

Executive Editor **Al Heller**
Senior Desk Editor **Bernadette Casey**
Special Projects Editor **Elizabeth Parks**
Pharmacy Editor **Dianne Tharp**
Senior Editor **David Vascak**
Desk Editor **Carol Kearney**
Assistant Desk Editor **Fred Rueschler**

Bureau Editors: **James Frederick** (Sr. Editor, Cleveland: (216) 642-3420), **Ken Rankin** (Bureau Chief, Washington: (301) 774-3885), **Deane Evans** (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maryellen Seery**

Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES

New York
Nat'l Accounts Manager **Larry Kronegold**
N.Y. Area Manager **Don Bagan**
N.Y. Area Manager **John Kanton**
Boston 1 Gateway Center, Newton, MA 02158, (617) 527-6394
Regional Manager: **James Melver**
Office Manager: **Angela Flares**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, (312) 644-8686
Area Manager: **Maggie Kaeppl**
Office Manager: **Beverly Wendland**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, (213) 464-8321
Office Manager: **Maureen Jackson**

Group Circulation Director
Matthew J. Clancy, Sr.
Nat'l Director of Field Marketing & Circulation Services **Jim Dickson**
Circulation List Manager **Terry Burdick**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr.
Dabble Rothenberg
Business Manager **Joel Saffir**

Board of Advisors

Judie Doherty, McKesson Corp.
Bill Edwards, A. L. Price
Allen Patrick, Genovese Drug Stores Inc.
John Jennings, Brooks Drug, Inc.
Tim McAlister, Pay Less Drug Stores NW
Frank Newman, F & M Distributors
Gary Wilber, Drug Emporium
Ron Ziegler, NACDS

Board of Pharmacy Advisors

Ken Anderson, SuperRx Corp.
Clarence Archer, Wal-Mart
Marty Baltz, Shoppers Drug Mart
Len Dellino, NACDS
Paul D'Amico, Safeway Stores Inc.
Philip R. Engle, Bergen Brunswick Corp.
Robert King, FoodMeyer Corp.
Howard Kramer, K mart Corp.
Joseph Polastri, McKesson Corp.
Saul Schneider, K&B Inc.
Bob Shapiro, Perry Drug Stores Inc.
Charles W. Trefrey, NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
VP/Administration **Harry A. Estes**
VP/Publisher **Fred Filer**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Circulation **Martha Pattley**
VP/Publisher **John Rapuzzi**
Director, Human Resources **John Murro**
Director, Corporate Development **John O'Brien**

Japan Diamond-Friedman Ltd., Chain Store
Age Japan 1-4-2 Kasumigasaki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau **MIA** **ABP**

Publisher of *Drug Store News*, *Accounting Today*, *Discount Store News*, *Nation's Restaurant News*, *National Home Center News*, *Chain Store Age Executive* (with *Shopping Center Age*), *Food Merchandising*, *Home Market Trends*, *Supermarket HQ Quarterly*, and *APPAREL merchandising*. Affiliates: *Business Guides Inc.* (Directories); *Lebhar-Friedman Books*; *Inside Retailing* (Newsletter); *Chain Store Age News*, Japan; *Largo Music Inc.*

Subscriptions
Call (813) 664-6707
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, *Drug Store News*, P.O. Box 31182, Tampa, FL 33631-3182.
Single copy price is \$5.00 for a regular issue and \$25.00 for a statistical issue.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to: Jay Forbes, publisher, *Drug Store News*, 425 Park Ave., New York, NY 10022.

Better computer systems let chains stay competitive

By David Vaczek

As drug chains erect the technology structure that will be crucial for their parity with other mass merchants, drug chain merchandise managers report that computer systems are making a bottom-line difference today.

Space management systems and buying software—which interprets sales history and buying variables to calculate the best purchase order for a particular item—are among systems that buyers say have provided better information and led to improvements in sales, profits and cost controls.

These are some major findings of this fall's exclusive *Drug Store News* survey on decision-making by buyers.

That skepticism was underlined by the respondents' answers on the value of computers. Although 45 percent said that computers have helped improve category results "very much," a significant amount—53 percent—categorized their impact as advancing performance only "somewhat" or "slightly."

Drug chains fall behind Wal-Mart, Kmart and the most innovative supermarket operators in the use of POS scan data and in the "expert systems."

"Expert systems"

A true expert system uses expert system technology, which allows weighing qualitative factors in arriving at a conclusion, and solves problems "like a human would solve them."

For the most part, they aren't tracking sales through POS scanning and using that as the basis for buying and inventory control. Buyers primarily use reports on warehouse demand or warehouse shipments, named by 64 percent and 84 percent respectively as sources of buying decision information.

Scan data

Scan data is being used, but not as a primary source in buying and inventory control. Scan data from "most or all stores" was said to be a source of information by only 26 percent. Scan data from a sample of stores was cited as a source by 47 percent.

"I don't think anyone is cutting orders based on sales through the register," says one drug chain MIS observer.

Yet, Revco just started doing just that in buying for the back-to-school season this year. Purchase orders and product distribution to stores was based on sales data from POS scanning, which has been in all Revco stores since last year, said John Szabo, vp of MIS.

Revco has used warehouse withdrawal data in a computer buying system; it's moving to one that will use POS data, said Szabo.

UPC-code scanning in stores is key to an optimal computer system for controlling merchandise, because POS scanning gives accuracy and timeliness on item movement not otherwise available.

In using warehouse demand data in buying, "the onus is on the user to realize that it's not true store [sales], and to make adjustments. There's always

Are you receiving better information for making buying decisions?	
Yes	95%
No	5
Has this resulted in improvements in sales and cost control?	
Yes	67%
No	28
No answer	5
Source: Drug Store News Survey on Buying Decisions.	

An expert system can "highlight exceptions" in products or trends that a buyer should examine, and "take the buyer out of normal repetitive replenishment," which can be handled automatically, says George Wohlpert, Jr., senior marketing administrator of drug stores at IBM. The buyer, says Wohlpert, is free to focus on selection and promotion of merchandise.

Walgreens' merchandise control system, SIMS, which is under development,

will have aspects of an expert system. SIMS will give the buyer "visibility into the entire merchandise pipeline" in the stores, marketing department and warehouses.

But more importantly, the software will "allow buyers to analyze item movement, pinpoint over- and under-buys and react quickly to sales trends and buying opportunities," says a company description of SIMS.

Revco's Szabo said the

Buyers rank their seven most important sources for making buying decisions

1. Reports on warehouse shipments to stores.
2. Reports on stores' demand at warehouse.
3. Sales and inventory analysis by store, department and class.
4. Sales data through scanning from a sample of stores.
5. Sales scan data from most or all stores.
6. Reports on inventory falling below set minimums.
7. Plan-versus-actual analysis.

Source: Drug Store News Survey on Buying Decisions.

Reliance on third-party sources for information is undiminished, respondents said, as their reports help merchants relate their own chain's movement with the performance of products in their marketplace and nationally.

The senior-level merchants who responded felt quite strongly that computer systems have had an impact on buying and merchandising. Ninety-five percent of them said they are receiving "better information" for making decisions.

Competitive edge?

Yet, drug chains as a group are trailing behind the most advanced mass merchant rivals in implementing leading-edge computer systems, which are being developed to support Quick Response business methods, according to the survey and interviews. Quick Response seeks to provide higher sales through better customer service, and at the same time, provide higher profits through more efficient inventory control, aided by technology such as UPC coding and electronic data interchange (EDI).

While 95 percent said better information is available, only 65 percent said they could link it to a healthier bottom line. They apparently held some skepticism about the value of the new information.

But so-called "knowledge-based" systems and "decision support" systems can be similar to expert systems in that they employ rules that help the user make the best decision. They help the retailer preserve critical expertise such as senior merchants' knowledge.

Two chains see profits

Drug chains are adopting new computer systems with measurable results on profits.

A new computer system will simplify buying at Pay Less Drug Stores when unrolled this month. Drawing on daily product movement data, buying software will work overnight to provide a suggested purchase order that meets preset objectives such as service levels and ROII goals.

The "forecasting software" will save a replenishment buyer about two hours of manual labor while maximizing profits, says Keith Jelinek, Pay Less' director of merchandising. "That will be our sole source. We're going to trust the system," he said.

Though all Pay Less stores this year have sales-capturing POS scanning, the buying system initially will forecast inventory needs based on a five-year history of warehouse-to-store shipments. Pay Less lacks scan data history, and isn't set up to pull the data daily from the stores, Jelinek said.

* * *

A major Midwest drug chain has built productivity with space management software. Inventory turns and per-square-foot profits climbed as the system helped buyers weigh item performance within a department and recommend the best shelf layout.

The system is fed with warehouse withdrawal data downloaded from a mainframe. This chain has no scanning. Planners, meanwhile, keep abreast of hot new items the chain doesn't carry through "improved" 60-day reports from a sales auditing service, according to a chain source.

the danger that the store demand isn't reflecting actual sales," says Terry Donofrio, president, Retail Systems and Services in Waldwick, N.J.

Also, computer programs for analyzing sales, such as expert systems, for example, to be most effective, need POS scanning's accuracy on item movement, Donofrio said.

Vendor responsibilities

Wal-Mart and Kmart both use scan data for inventory

control and buying, as they implement Quick Response programs. Wal-Mart, along with such vendors as Procter & Gamble, has pushed automatic replenishment to new levels by giving the vendors responsibility for their inventory in Wal-Mart warehouses. Data on items' sales captured from POS scanning is sent to P&G via EDI.

Kmart, in another example, recently rolled out its CLAS system, used by buyers to assign products to stores based on actual sales. Of course, POS scanning, completed in all stores in November 1990, drives this decision support system.

Expert-like systems

The survey indicates that drug stores as a group are trailing the leaders in retail automation in another area—expert systems. No respondent indicated his chain uses them. Yet, some drug chains are developing software that will provide expert system-like functions, which analysts say the major discounters and supermarkets are developing as well.

"Any retailer can use off-the-shelf software. Expert systems are where firms can gain strategic advantage," says David Fineman, senior manager, Deloitte & Touche.

"It's virtually impossible for a buyer today [for example] to look at all the categories, prices [and other variables], and figure out how to position products," Fineman adds.

How closely do you follow vendor recommendations?	
Very closely	16%
Closely	26
Not too closely	21
Not at all	5
No answer	32
Source: Drug Store News Survey On Buying Decisions.	

chain is "keenly interested" in providing software that helps buyers "make the right buying decisions."

Yet, "we have far simpler problems that are dealt with better with traditional software that hones the delivery of information," said Szabo.

Continued on page 8

Methodology box

The buying decision survey was sent to merchandise managers at the nation's 50 highest-volume drug chains. The eight-page questionnaire asked managers what data's used in making buying decisions and whether better information improves bottom-line performance.

Twenty chains returned completed forms, giving a 40 percent response rate. Among the respondents—some of whom answered anonymously—were at least nine of the top 15 chains.

Better computer systems provide competitive edge

Very much	45%
Somewhat	31
Slightly	20
Not at all	4

Source: Drug Store News Survey on Buying Decisions.

ly boosted planned implementation of such systems overall since last year, according to the 1991 Advanced Merchandising Technology Survey of supermarkets and food wholesalers, by Deloitte & Touche.

Pricing is seen as the highest opportunity area, a view that "represents a greatly increased awareness of the need to develop more effective and

profitable pricing strategies," the consulting firm said.

Supermarkets are also planning more heavily for the

use of expert systems in promotion and assortment planning and in planogramming, the study found. Expert system use was planned by 65 percent, compared with 36 percent last year, the firm said.

Wal-Mart and Kmart are using expert systems mostly in non-merchandising areas such as labor scheduling and hiring, but will eventually employ them in merchandising and inventory management, said Fred Schneider, director of consumer packaged goods programs, Andersen Consulting, Chicago.

"The merchandising job is far more complex, and capturing and codifying that information will be more difficult,"

said Schneider.

The anticipated benefits of retail systems are large. Mass merchants as a class should achieve annual average savings of 5.3 percent of sales as they increase sales, improve turns and accrue other savings from technology, according to Andersen Consulting.

In supermarkets, 60 percent of the grocery respondents in Deloitte & Touche's study said that advanced merchandising technologies will add from 0.5 to 2 percent of sales on the bottom line for them.

That drug chains have much to gain was vividly illustrated this year when a senior Walgreens executive predicted that SIMS will allow the chain to slash projected inventory for the year 2,000 by a whopping \$3 billion—a more than 50 percent cutback.

The DrSN survey shows that buyers lean heavily on reports from external

1. Inventory control	79%
2. Sales and inventory analysis	68
3. Pricing analysis	68
4. Gross margin analysis	58
5. Space management	58
6. Buying software	58
7. Automatic replenishment	53
8. Merchandise planning	53

Source: Drug Store News Survey on Buying Decisions.

sources in decision-making. Ninety-five percent use vendor reports and 84 percent use third-party data. Nielsen's ScanTrack service is used by 100 percent of respondents, Towne-Oller reports by 88 percent and Information Resources' (new to the drug market) reports by 19 percent.

The data from the sources that is most used is on product movement in the market and nationally.

SEE IT FIRST IN CHICAGO!



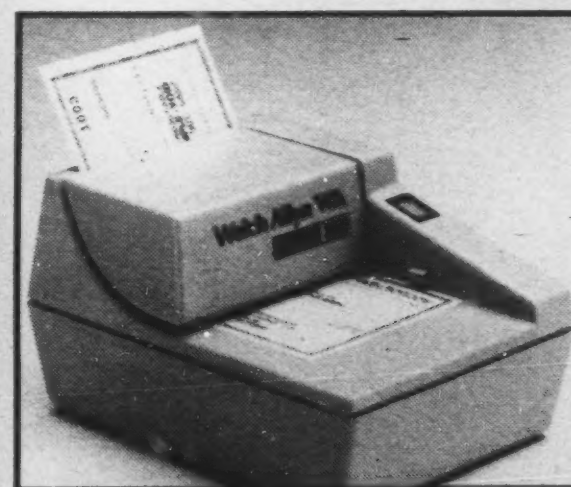
NOVEMBER 12^{THRU} 14 McCORMICK PLACE • CHICAGO

Don't miss the industry's premier showcase for office, stationery, home office and school products. New lines, new promotions, new merchandising opportunities. This is the proven marketplace to see virtually everything you need.

- Be where the buying action is!
 - Meet the prime source suppliers.
 - Preview the new lines and discover the latest merchandising ideas and selling techniques to stay ahead of your competition.
 - Take advantage of special show opportunities to lock in the right merchandise — at the right price!
 - Perfectly timed to maximize your buying opportunities.
 - Free educational seminars featuring industry leaders. Topics:
 - "Challenge of Change" — the latest marketing trends, conducted by Discount Store News & Drug Store News.
 - "Scientificating" — the newest technologies to improve sales and inventory information processing, conducted by Discount Merchandiser.
- Be there! . . . Your competition will!**

FOR YOUR FREE ADMITTANCE BADGE
WRITE ON YOUR COMPANY LETTERHEAD!
NATIONAL BACK-TO-SCHOOL
MERCHANDISE SHOW
42 Bayview Ave., P.O. Box 4200
Manhasset, NY 11030-4200
(516) 827-4000
FAX: (516) 365-5844

TECHNOLOGY UPDATES



POS check reader is accurate, affordable

Welch Allyn's SCANTEAM 8000 MICR Check-Reader reads checks magnetically, accurately and affordably.

Check read, decode and transmit time is only one second with first pass read rate at 98 percent. The scanned MICR data is forwarded to the POS store system where it can be compared to a data base file and either accepted or rejected for payment. It reads the entire MICR line, allowing the retailer to access shared negative verification files without concern for "false hits" caused by incomplete or inaccurate data.

Interface is RS232 and hand held output with E13B MICR support. CMC7 support will be available at a later date.

Priced at \$595, CheckReader weighs only about a pound and is available immediately. Welch Allyn, Inc., Retail Systems, 4619 Jordan Rd., Skaneateles Falls, N.Y. 13153. (315) 685-2815.

Quick response system targets suppliers

The Geneva Group has introduced the Supplier Quick Response System (SQUIRE). The package allows distributors and manufacturers to implement and manage Quick Response relationships with retail customers.

It provides the necessary EDI document handling, order generation, stock modeling, sales analysis and interface with order processing and invoicing systems needed by suppliers.

The Geneva Group Inc., 978 Industry Dr., Ste. 210, Seattle, Wash. 98188. (206) 575-0331.

Security label protects cigarettes from theft

Checkpoint Systems introduces a newly designed disposable, deactivatable security label to protect cigarette cartons from shoplifters.

The 410 Series label is a combination hang tag and label. Pressure-sensitive adhesive secures the label to the open end of the carton. It is available in plain or bar code configurations and is compatible with Checkpoint's complete line of sensors and deactivation units.

Checkpoint Systems, Inc., 550 Grove Rd., P.O. Box 188, Thorofare, N.J. 08086. (609) 848-1800.

Drug Emporium logs second quarter loss

COLUMBUS — Reserves for store closings and correcting an error that skewed the gross margin cost \$3.2 million, causing Drug Emporium to post a loss in the second quarter ended Aug. 31.

The chain reported a net loss of \$2.73 million, or 21 cents a share, compared with net income in last year's second quarter of \$2.2 million, 17 cents a share.

The company had predicted the loss after it discovered that an outside auditing firm had been overestimating store inventories in certain products, causing a one half percent error in the gross margin.

To compensate for the shortfall in projected profits, ceo Gary Wilber said that cost-cutting measures would be set. Also, store openings scheduled for 1992 would likely be cut in half. The store closing charge stems from the chain's exit from Jacksonville, Fla.

The loss puts the chain in the red for the first six months with a \$1.73 million loss, compared with a \$4 million net profit in last year's first half.

Total sales are climbing fast because of an aggressive expansion program; but the recession has dampened same-store results, Wilber said.

Second quarter and six-month sales are both up 26 percent, with half-year sales at \$363.7 million. The chain has 117 stores, 30 new stores in the last 12 months.

Same-store sales increased only 2.5 percent in the second quarter "well below Drug Emporium's historic level and reflecting the recession's continuing impact. . .," the company reported.

"We are reasonably confident that . . . earnings will begin to improve during the second half. . .," Wilber said.

The board declared a cash dividend to maintain the annual payout at 12 cents per share.

Krelitz Industries reports first quarter net loss

MINNEAPOLIS — Krelitz Industries, the Midwest wholesaler, reported a net loss for the first quarter ended July 31, of \$242,000. It compares with net income of \$238,000 in the 1990 first quarter.

Net sales from continuing operations for the quarter were \$61.47 million, compared with \$61.58 million last year.

Krelitz said that sales increases from existing and new customers in drug distribution

"mitigated the loss of a significant customer." A loss from continuing operations in the first quarter was caused in part by increased operating and interest expenses.

Management is focusing harder on asset management. Inventory turns for the quarter were 13 times, compared with 9.9 turns in fiscal 1991. And accounts receivable days outstanding improved from 24 days to 20 days in those respective periods, management said.

Earnings increase at Big B for second quarter and first half

BIRMINGHAM, Ala. — Continued improvement in gross margins and expenses contributed to earnings growth at Big B, Inc. during the second quarter ended August 3.

Earnings were \$972,000 compared with a loss of \$3.3 million in last year's comparable quarter. Six-month earnings are \$2.88 million, compared with a loss of \$2.9 million in last year's first half.

Despite the closing of eight under-performing stores during the year, the chain reported sales for the quarter and half year at \$106.8 million and \$239.4 million respectively, compared with \$101.2 million and \$224.1 million last year.

For extra profits, display & recommend with **suncare** products.

HERPECIN-L[®]

Cold Sore Lip Balm. "It Works!"

Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Drug Store News (ISSN 0191-7587) is published biweekly—every other Monday, monthly in July and December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N. Y. 10022. Subscription rates: in-field subscribers, retailers and wholesalers, one year (22 issues) \$19.50; two years \$35. Manufacturers and their representatives \$45; schools, libraries and all other out-of-field subscribers \$95. Foreign subscriptions: air-mail only \$125 per year.

fices. Copyright © 1991 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Circulation Fulfillment Director, Drug Store News, P.O. Box 31182, Tampa, FL 33631-3182. For change of address six weeks notice to Drug Store News, P.O. Box 31178, Tampa, FL 33631-3178 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Second-class postage paid at New York, N.Y. and additional mailing of

Vol. 13, No. 19 Oct. 28, 1991

MARKET DIARY:

Largest Dollar Gainer	Carter-Wallace	\$ 10.88
Largest Dollar Loser	Great Atlantic&Pacific Tea	\$- 3.25
Largest Percentage Gainer	Columbia Labs, ICN Pharm	14.29%
Largest Percentage Loser	Lee Pharmaceutical	-12.50%

Advances	32
Declines	23
Unchanged	4
New highs	11
New lows	3

	Close 10/1/91	Close 10/15/91	Net Change	Percent Change
Drug Store News Index	4351.45	4396.12	44.67	1.03
Dow Jones Industrial Average	3018.34	3041.37	23.03	0.76
Standard & Poor's 500-Stock Index	389.20	391.01	1.81	0.47
N.Y.S.E. Composite	214.01	214.90	0.89	0.42
Value Line Index	242.29	241.27	-1.02	-0.42

Source: Nordby International Inc., Boulder, Colo.

44.67

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 10/1/91	Closing Price 10/15/91	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	4.88	4.88	0.00	0.00	—	0.00	0.00	6.88	4.50
OTC	Arbor Drugs	ARBR	19.00	19.00	0.00	0.00	21	0.12	0.63	21.25	8.88
OTC	Big B	BIGB	13.75	12.63	-1.13	-8.18	22	0.16	1.27	14.50	4.75
OTC	Drug Emporium	DEMP	7.25	7.38	0.13	1.72	105	0.12	1.63	9.63	6.63
NYS	Fay's Inc.	FAY	12.50	12.00	-0.50	-4.00	17	0.20	1.67	15.75	7.25
ASE	Genovese Drug	GDX.A	12.88	13.50	0.63	4.85	16	0.24	1.78	13.88	5.00
NYS	Longs Drug Stores	LDG	38.63	36.88	-1.75	-4.53	13	1.08	2.93	44.38	30.88
OTC	Medicine Shoppe	MSH	23.88	23.50	-0.38	-1.57	19	0.32	1.36	28.75	15.50
NYS	Perry Drug	PDS	7.75	7.13	-0.63	-8.06	178	0.00	0.00	8.50	3.75
NYS	Rite Aid Corp.	RAD	22.00	21.88	-0.13	-0.57	16	0.48	2.19	23.88	15.50
NYS	Walgreen Co.	WAG	31.00	31.75	0.75	2.42	20	0.52	1.64	35.88	21.63
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	21.25	21.88	0.63	2.94	15	0.40	1.83	26.19	18.09
OTC	Bindley Western Ind.	BIND	15.75	16.25	0.50	3.17	15	0.04	0.25	18.13	8.63
OTC	Cardinal Distribution (H)	CDIC	38.50	36.25	-2.25	-5.84	33	0.04	0.11	38.75	16.81
OTC	Durr-Fillauer	DUFM	28.75	30.00	1.25	4.35	20	0.28	0.93	34.75	17.00
NYS	McKesson Corp. (H)	MCK	39.25	38.25	-1.00	-2.55	15	1.60	4.18	39.75	26.88
ASE	Moore Medical	MMD	4.88	4.38	-0.50	-10.26	—	0.00	0.00	9.25	3.50
NYS	Owens & Minor (H)	OMI	19.00	20.50	1.50	7.89	26	0.20	0.98	21.13	7.50
Manufacturer's transactions											
NYS	Abbott Labs	ABT	54.50	55.13	0.63	1.15	22	1.00	1.81	55.63	39.25
NYS	American Home Products (H)	AHP	69.38	74.00	4.63	6.67	18	2.28	3.08	74.00	44.50
ASE	Barr Laboratories (H)	BRL	32.50	36.38	3.88	11.92	64	0.00	0.00	37.50	6.00
NYS	Baxter International	BAX	33.50	33.75	0.25	0.75	17	0.72	2.13	37.13	24.88
OTC	Block Drugs Co.	BLOCA	54.00	52.75	-1.25	-2.31	17	0.80	1.52	57.50	29.63
ASE	Bolar Pharmaceutical	BLR	7.00	7.38	0.38	5.36	—	0.00	0.00	8.50	1.88
NYS	Bristol-Myers Squibb	BMV	84.00	83.50	-0.50	-0.60	23	2.40	2.87	87.88	57.13
NYS	Carter-Wallace (H)	CAR	90.63	101.50	10.88	12.00	29	1.00	0.99	101.50	46.25
ASE	Columbia Labs	COB	7.00	8.00	1.00	14.29	—	0.00	0.00	9.50	3.63
ASE	Forest Labs	FRX	32.00	34.25	2.25	7.03	36	0.00	0.00	43.63	19.88
ASE	Halsey Drug	HOG	6.50	6.94	0.44	6.74	32	0.00	0.00	7.06	2.19
NYS	ICN Pharmaceutical	ICN	6.13	7.00	0.88	14.29	—	0.00	0.00	8.00	2.50
ASE	Lee Pharmaceutical	LPH	1.00	0.88	-0.13	-12.50	—	0.00	0.00	2.25	0.88
ASE	Leiner P. Nutrition (H)	PLI	12.50	13.50	1.00	8.00	13	0.00	0.00	13.50	6.75
NYS	Lilly Eli Co.	LLY	80.25	78.50	-1.75	-2.18	19	2.00	2.55	85.13	65.63
NYS	Marion Merrell Dow (L)	MKC	28.75	29.50	0.75	2.61	15	0.92	3.12	39.63	27.25
NYS	Merck Co.	MRK	131.13	130.75	-0.38	-0.29	26	2.52	1.93	133.25	75.38
NYS	Mylan Labs (H)	MYL	33.00	35.13	2.13	6.44	37	0.20	0.57	35.13	15.50
OTC	Nutramax Products	NMPC	7.00	7.13	0.13	1.79	29	0.00	0.00	8.00	0.88
NYS	Pfizer Inc.	PFE	65.50	65.88	0.38	0.57	26	1.32	2.00	68.25	35.38
NYS	Pharmaceutical Resources	PRX	4.13	4.00	-0.13	-3.03	—	0.00	0.00	5.88	2.63
NYS	Rhone-Poulenc Rorer (H)	RPR	47.88	48.00	0.13	0.26	21	0.44	0.92	49.00	29.88
NYS	Schering Plough (H)	SGP	57.38	59.25	1.88	3.27	21	1.32	2.23	59.25	40.75
NYS	Syntex Corp.	SYN	41.63	42.38	0.75	1.80	22	0.92	2.17	47.88	26.00
OTC	Taro-Vit Industries	TAROF	4.00	4.00	0.00	0.00	80	0.00	0.00	4.25	2.25
OTC	Teva Pharmaceutical Ind.	TEVIY	19.50	18.00	-1.50	-7.69	18	0.16	0.89	20.25	10.00
NYS	Upjohn Co.	UPJ	44.50	43.63	-0.88	-1.97	16	1.36	3.12	49.25	34.75
NYS	Warner-Lambert	WLA	71.63	72.00	0.38	0.52	18	1.76	2.44	82.25	59.50
OTC	Zenith Labs	ZENL	15.00	16.50	1.50	10.00	83	0.00	0.00	23.25	5.00
Other retailer transactions											
NYS	Albertson's	ABS	38.25	37.38	-0.88	-2.29	20	0.56	1.50	51.38	28.75
NYS	American Stores	ASC	36.63	38.50	1.88	5.12	10	0.68	1.77	46.19	21.31
NYS	Giant Food (L)	GFS.A	23.25	23.63	0.38	1.61	12	0.64	2.71	31.25	21.75
NYS	Great Atlantic&Pacific Tea (L)	GAP	34.13	30.88	-3.25	-9.52	10	0.80	2.59	57.75	30.00
NYS	Kmart	KM	42.63	42.63	0.00	0.00	11	1.76	4.13	49.50	23.38
NYS	Kroger	KR	17.88	18.50	0.63	3.50	15	0.00	0.00	24.50	10.88
NYS	Melville Corp.	MES	47.50	45.38	-2.13	-4.47	14	1.44	3.17	55.25	33.88
OTC	Fred Meyer (H)	MEYR	23.00	23.25	0.25	1.09	15	0.00	0.00	24.75	10.00
NYS	Penney, JC	JCP	50.25	50.00	-0.25	-0.50	14	2.64	5.28	58.25	38.50
NYS	Safeway	SWY	19.00	18.88	-0.13	-0.66	15	0.00	0.00	21.63	10.25
NYS	Smith's Food & Drug	SFD	36.75	36.38	-0.38	-1.02	24	0.36	0.99	43.75	25.13
NYS	Wal-Mart	WMT	47.88	48.38	0.50	1.04	39	0.16	0.33	51.88	24.88

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International Inc., Boulder, Colorado (303) 449-0326.

DRUG STORE NEWS

VOL. 1/NO. 10

The Journal of Retail Pharmacy

OCTOBER 28, 1991

NEWS FOCUS

● A second antiretroviral drug is now available for adult and pediatric AIDS patients who are seriously ill and have no therapeutic alternative. Videx (didanosine or ddi) has been tested in more than 30,000 patients with advanced human immunodeficiency virus (HIV) who are intolerant to or not benefiting from AZT (zidovudine). Many treated patients have shown an increase in T4-helper cells and lower levels of p24 antigen (which indicates the presence of HIV), without the significant bone marrow suppression seen with AZT. The manufacturer, Bristol-Myers Squibb, has priced Videx to retail at less than \$2,000 per year. The Videx Reimbursement Helpline (1-800-662-7999) provides a computer search and advocacy for probable sources of funding for treatment.

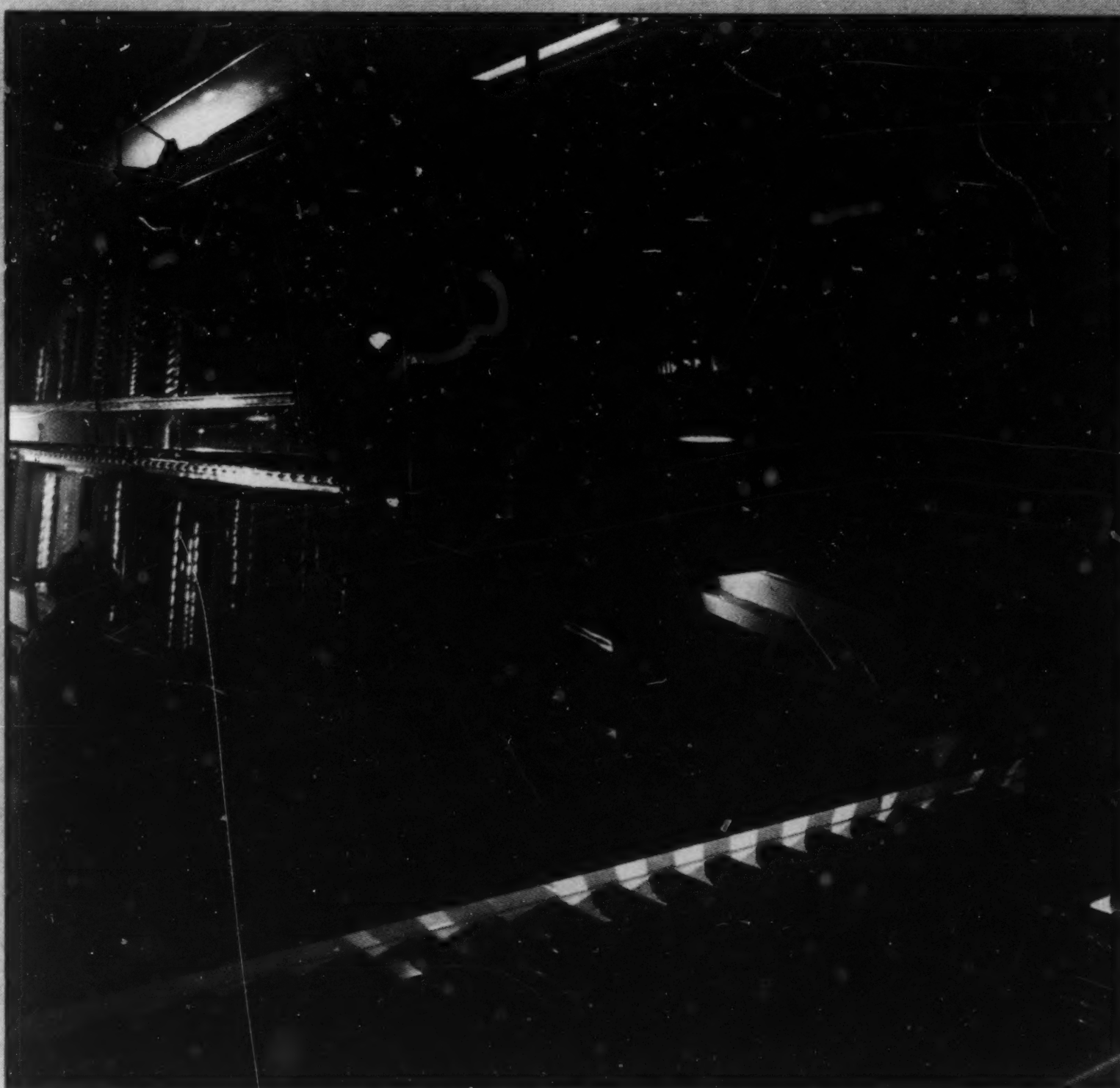
● Forecasters at Chicago's SMG Marketing Group predict that the number of operating HMOs will decline from 614 to 580 over the next two years. The bad news is that HMO enrollment is expected to continue climbing at an annual rate of 9 percent for the next three years.

FEATURES

Pharmacy info
hotline connects
32

DEPARTMENTS

- | | |
|-------------------------|------------------------|
| 3 News & trends | 30 Oral merchandiser |
| 4 Opinion | 32 Pharmacy focus |
| 6 Statewire | 35 Exec views |
| 8 Third party | 38 Technician training |
| 10 Drug watch | 43 CE: Hyperthyroidism |
| 11 Products | 50 Ask the physician |
| 13 Different scripts | |
| 14 Wholesaler spotlight | |



McKesson's Automated Picking System (MAPS) in St. Louis can handle 10,000 pieces per hour.

1990: A banner year for drug wholesalers

While 1990 was the best year ever for drug wholesalers, with higher sales and gross margins and lower operating expense as a percent of sales, there are clouds on the horizon. The industry fears they may be approaching maximum efficiency, while competition for market share intensifies and margins destabilize because of fewer manufacturer price increases. *Drug Store News For the Pharmacist* profiles the industry and its top players, who discuss improved technology, the effect of biotechnology on their product mix and opportunities for the 1990s, beginning on page 14.

for
the

PHARMACIST

Retiree script plans may be too costly

Private sector and government third-party experts fear that soaring health care costs will force employers to reduce or eliminate prescription drug benefits for retirees.

A study by PCS found that the average annual Rx cost for employed individuals is now between \$37 and \$180. The cost for retired Americans is three times as much: an average of between \$240 and \$535. The Congressional Budget Office (CBO), meanwhile, issued a study showing that six out of 10 senior citizens have no outpatient prescription drug coverage. The fortunate ones with Rx benefits through retiree health plans "are at risk of losing this protection because of rapidly rising health care costs," CBO warned.

The best price scheme has begun to unravel

The controversial new system of requiring pharmaceutical manufacturers to offer their "best prices" on drugs to Medicaid is already beginning to unravel.

Instead of sharply lowering Rx prices to Medicaid, pharmaceutical manufacturers responded to the "best price" mandate by eliminating "giveaway" prices to the Department of Veterans Affairs. That's poetic justice to retail pharmacists who have complained for years about ingrained "discriminatory pricing" in the pharmaceutical industry.

But now VA officials are squawking at having to pay full price for drugs. VA's price on some Rx products has jumped more than 1,000 percent since the best price law took effect, and House Veterans Affairs Committee chairman Sonny Montgomery (D-Miss.) is pushing legislation to exempt prices to VA and other government agencies from the calculation of the "best" Medicaid price.

Pharmaceutical manufacturers don't mind that so much, but they are opposed to provisions in the bill requiring them to roll back VA prices to September 1990 levels.

Kennedy is seeking expanded rebates

Meanwhile Sen. Edward Kennedy (D-Mass.) wants to expand the "best price" Rx rules. Pharmaceutical manufacturers would be required to extend Medicaid-

style price rebates to federally funded public health clinics, under his new "Public Health Clinic Prudent Pharmaceutical Purchasing Act" (S.1729). The legislation would permit government-subsidized drug treatment facilities, abortion clinics, AIDS treatment centers and other health care outlets to purchase pharmaceuticals only from manufacturers who have signed rebate agreements. Prices would be capped at levels charged by participating drug manufacturers on September 1, 1990.

McKesson testing disposal program

On Oct. 1, McKesson began testing a new controlled substance return and waste disposal program with BFI Pharmaceutical Services. BFI assists manufacturers and wholesalers in crediting procedures for the processed products with a waste tracking and profiling computer system.

Douglas Thompson, senior vp of distribution services at McKesson, said that "this new and innovative program . . . ensure[s] the proper disposition of controlled substances in an environmentally safe manner in accordance with all state and federal laws" and added that "the potential for illegal diversion is dramatically reduced."

If the initial pilot is successful, use will be expanded beyond controlled substances to all classes of pharmaceuticals and drug store products.

New drugs tested for bowel diseases

Ulcerative colitis and Crohn's disease sufferers have persistent diarrhea, fever and weight loss due to the immune system inappropriately attacking the bowel wall. Treatment to date has been with some combination of sulfasalazine and steroids. Because some patients experience intolerable side effects, new therapies are sought.

The University of Chicago is conducting trials of promising new agents, which include:

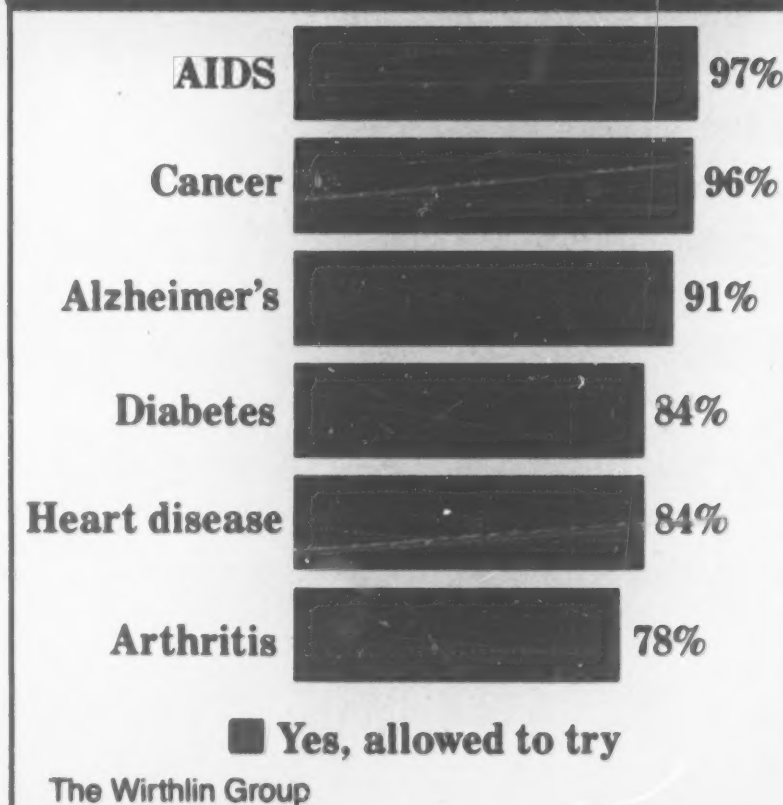
- Zileutin, a lipoxygenase inhibitor that blocks early inflammation.
- Budesonide, a steroid that is active locally in the intestine.
- Methotrexate, a cancer chemotherapeutic agent.
- Cyclosporine, an immune suppressant.
- Short-chain fatty acids, nutrients thought to be deficient in these patients.

For more information, or to volunteer for the trials, contact Pat Schultz at (312) 702-1697.

Unapproved medicines get the American OK

The Wirthlin Group, a national public opinion research firm, in its September survey, found that 79 percent of Americans believe that " . . . patients with fatal and incurable diseases, in consultation with their doctors, should have the power to decide whether to take an experimental drug while it is under FDA review." Unapproved therapies for serious diseases like AIDS, cancer, Alzheimer's disease, and even diabetes, heart disease and arthritis should be accessible on patient and doctor choice.

Should individuals with these diseases be allowed to try drugs not yet approved by the FDA?



IN BRIEF . . .

- Bristol-Myers Squibb formally withdraws Enkaid from the market Dec. 16.
- Abbott and ICI will co-market Abbott's new quinolone, Omnidox, for infections including respiratory and urinary tract.
- Medicis has entered into a contract to develop dermatological applications of Deprenyl's 5-aminolevulinic acid (5-ALA) for sometimes fatal skin cancers.
- Royce Labs has received tentative approval for 10mg and 20mg piroxicam. Look for final approval when Feldene patent expires on April 6, 1992.
- Abbott begins Phase II studies of sertindole, the first of a new generation of antipsychotics used in schizophrenia.
- Searle has a formulation of Calan SR, using ALZA's OROS technology to time dosage release for early morning.
- Merck introduces Plendil (felodipine), a calcium channel blocker with once-a-day dosing, vascular selectivity, and significant savings over other antihypertensives.

product updates



Wart remover patch especially for kids

PediaPatch Wart Remover System for Children, from Tsumura Medical, is a nonprescription strength removal product.

It utilizes a patented gum-based, transdermal-like patch containing a 15 percent salicylic acid solution that eliminates common warts and plantar warts with regular nightly applications. The medicine continuously and painlessly breaks down the wart. The patch can be trimmed to fit the size of the wart so there is less chance of surrounding skin irritation. The patch is affixed for the night with a colorful, protective adhesive bandage, so a high level of compliance is generated.

It's available in a 6 mm. patch and is packaged with 20 medicated patches and 24 protective bandage tapes.

Tsumura Medical, Div. of Tsumura International, Inc., 1000 Valley Park Dr., Shakopee, Minn. 55379 (612) 496-4667.

Circle #58 on Reader Service Card



Arthritis pain relief comes in new size

Commerce Drug Company, a division of Del Laboratories, has introduced ArthriCare Odor Free in a new 1.5-ounce size.

ArthriCare Odor Free, an ointment which relieves arthritis pain, will be supported with network and spot radio, direct mail couponing and cents-off coupons.

The new size will be priced to the trade at \$1.96 each or \$23.52 per dozen, equivalent to the ArthriCare Triple Medicated 1.1-ounce size. Commerce is also offering an introductory allowance.

Commerce Drug, Del Laboratories, 565 Broad Hollow Road, Farmingdale, Long Island, N.Y. 11735. (516) 293-1515.

Circle #59 on Reader Service Card



New label assists patient compliance

Medi-dot, a patented compliance product, is a convenient way to track medication usage. This easy-to-use label attaches directly to a medicine bottle and features rows and columns of rub-off dots which correspond to the date and time medication is to be administered.

As a dose is taken, the appropriate dot is easily scratched off with a fingernail or coin; one dot equals one dose. Medi-dot can be customized for fewer doses by removing excess columns along the perforations provided. Medi-dot, 14885 Hatfield Rd., Rittman, Ohio 44270. (800) 927-1101.

Circle #60 on Reader Service Card

Allergies/genetics linked according to brochure

According to recent studies compiled by the American Academy of Allergy and Immunology

(AAAI), there is a strong genetic component to allergies. A new brochure, *Are Allergies in Your Family Tree? Some Background on Genes and Allergies*, provides insights about if, and when, you may have inherited allergic tendencies. It also provides information and tips about allergy treatment and care.

Says Dr. William J. Davis, director-Allergy-Immunology Program at Columbia-Presbyterian Medical Center in New York, "Research indicates that in families where both parents are allergic, there is a 70 percent probability that their children will be allergic, too." The Allergy Information Center and Hotline, Fisons Corp., P.O. Box 1766, Rochester, N.Y. 14603. (800) 727-5400.

Circle #61 on Reader Service Card

Aluminum crutch is a safe alternative

Carex's Push Button Aluminum Crutch is made to provide a fast, simple height adjustment. The patient height scale printed on the crutch eliminates trial and error and gives hospitals a safe alternative to foreign-made crutches.

It is constructed of anodized aluminum with high density plastic armrests and handgrips, making it strong but lightweight. The self-locking hardware doesn't require tools to adjust the grip. It's sold in tall adult, adult and youth sizes.

Carex Health Care, 39 Tompkins Pt. Rd., Newark, N.J. 07101. (800) 526-8051 or in N.J. (201) 824-7637.

Circle #62 on Reader Service Card

New economy size for antidiarrheal

Imodium A-D caplets, an OTC antidiarrheal, is now available in an 18-caplet economy size package. It's the only antidiarrheal in a caplet and contains the active ingredient loperamide. It also comes in packages of six and 12 caplets and in liquid form.

McNeil Consumer Products Co., Camp Hill Rd., Fort Washington, Pa. 19034. (215) 233-7730.

Circle #63 on Reader Service Card



Device fits over cap; encourages compliance

Counter Cap encourages patient compliance by automatically counting each time the bottle is opened. It fits over the cap of any medicine container. As the container is opened and closed, the counter advances and a window indicator displays the number of times the medication has been taken for each day. The cap can be designed to work with any dosage regimen. Senetics, Inc., 75 Manhattan Dr., Ste. 105, Boulder, Colo. 80303. (303) 494-4218.

Circle #64 on Reader Service Card



Personal cleanser for external irritation

Sooth & Clean Personal Cleansing Foam is specially formulated to help provide relief for sufferers of external hemorrhoids, surgical stitches and other minor external rectal/vaginal irritation. It's an alcohol-free, lanolin enriched foam that softens and moistens bathroom tissue to comfort and cleanse sensitive areas; it removes residue and bacteria.

Blair Laboratories, Inc., Div. of The Purdue Frederick Co., 100 Connecticut Av., Norwalk, Conn. 06856. (203) 853-0123.

Circle #65 on Reader Service Card

YOCON[®]

YOHIMBINE HCl

Description: Yohimbine is a 3a-15a-20B-17a-hydroxy Yohimbine-16a-carboxylic acid methyl ester. The alkaloid is found in Rubiaceae and related trees. Also in Rauwolfia Serpentina (L.) Benth. Yohimbine is an indolalkylamine alkaloid with chemical similarity to reserpine. It is a crystalline powder, odorless. Each compressed tablet contains (1/12 gr.) 5.4 mg of Yohimbine Hydrochloride.

Action: Yohimbine blocks presynaptic alpha-2 adrenergic receptors. Its action on peripheral blood vessels resembles that of reserpine, though it is weaker and of short duration. Yohimbine's peripheral autonomic nervous system effect is to increase parasympathetic (cholinergic) and decrease sympathetic (adrenergic) activity. It is to be noted that in male sexual performance, erection is linked to cholinergic activity and to alpha-2 adrenergic blockade which may theoretically result in increased penile inflow, decreased penile outflow or both.

Yohimbine exerts a stimulating action on the mood and may increase anxiety. Such actions have not been adequately studied or related to dosage, though they appear to require high doses of the drug. Yohimbine has a mild anti-diuretic action, probably via stimulation of hypothalamic centers and release of posterior pituitary hormone.

Reportedly, Yohimbine exerts no significant influence on cardiac stimulation and other effects mediated by B-adrenergic receptors, its effect on blood pressure, if any, would be to lower it; however no adequate studies are at hand to quantify this effect in terms of Yohimbine dosage.

Indications: Yocon[®] is indicated as a sympatholytic and mydriatic. It may have activity as an aphrodisiac.

Contraindications: Renal diseases, and patient's sensitive to the drug. In view of the limited and inadequate information at hand, no precise tabulation can be offered of additional contraindications.

Warning: Generally, this drug is not proposed for use in females and certainly must not be used during pregnancy. Neither is this drug proposed for use in pediatric, geriatric or cardio-renal patients with gastric or duodenal ulcer history. Nor should it be used in conjunction with mood-modifying drugs such as antidepressants, or in psychiatric patients in general.

Adverse Reactions: Yohimbine readily penetrates the (CNS) and produces a complex pattern of responses in lower doses than required to produce peripheral alpha-adrenergic blockade. These include, anti-diuresis, a general picture of central excitation including elevation of blood pressure and heart rate, increased motor activity, irritability and tremor. Sweating, nausea and vomiting are common after parenteral administration of the drug.^{1,2} Also dizziness, headache, skin flushing reported when used orally.^{1,3}

Dosage and Administration: Experimental dosage reported in treatment of erectile impotence.^{1,3,4} 1 tablet (5.4 mg) 3 times a day, to adult males taken orally. Occasional side effects reported with this dosage are nausea, dizziness or nervousness. In the event of side effects dosage to be reduced to 1/2 tablet 3 times a day, followed by gradual increases to 1 tablet 3 times a day. Reported therapy not more than 10 weeks.³

How Supplied: Oral tablets of Yocon[®] 1/12 gr. 5.4 mg in bottles of 100's NDC 53159-001-01 and 1000's NDC 53159-001-10.

References:

1. A. Morales et al., New England Journal of Medicine: 1221, November 12, 1981.
2. Goodman, Gilman — The Pharmacological basis of Therapeutics 8th ed., p. 176-188. McGraw-Hill December Rev. 1/85.
3. Weekly Urological Clinical letter, 27:2, July 4, 1983.
4. A. Morales et al., The Journal of Urology 128: 45-47, 1982.

Rev. 1/85



AVAILABLE AT WHOLESALE NATIONWIDE

**PALISADES
PHARMACEUTICALS, INC.**

219 County Road
Tenafly, New Jersey 07670
(201) 569-8502

1-800-237-9083

Circle #006 on Reader Service Card

new products



12-hour relief from cancer pain

ORAMORPH SR, morphine sulfate sustained relief tablets

The professionals' Open Call treatment of choice.

HERPECIN-L[®]

Cold Sore Lip Balm. "It Works!"

Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Circle #008 on Reader Service Card

from Roxane Labs, provides 12-hour relief from cancer pain.

Imprinted on each tablet is the strength and product ID number. ORAMORPH SR, co-promoted by Adria Laboratories, is sold in three strengths. Roxane Laboratories, Sub. of Boehringer Ingelheim, P.O. Box 16532, Columbus, Ohio 43216-6532. (614) 276-4000.

Circle #66 on Reader Service Card

Nighttime pain reliever lets sufferers sleep

McNeil Consumer Products Co. has introduced Extra Strength Tylenol PM. It temporarily relieves occasional headaches, body and muscle aches and minor arthritis. Each tablet contains pain reliever and diphenhydramine hydrochloride to help the sufferer sleep.

McNeil Consumer Products, Camp Hill Rd., Fort Washington, Pa. 19034. (215) 233-7730.

Circle #67 on Reader Service Card

NOW AVAILABLE OTC

REESE'S

PINWORM

Pyrantel Pamoate

MEDICINE

FOR THE TREATMENT OF PINWORMS

AVAILABLE FROM:

Alabama Wholesale
ALCO Health
Bergen Brunswick
Bindley Western
Bloodworth
C. D. Smith
Chapman Drug
Durr-Fillauer
Foxmeyer
Geer Drug
Gulf Dist.
H&R Wholesale
Harris Wholesale
King Drug

McKesson
McQueary
N.C. Mutual
OTC Dist.
Scott Drug
Smith Drug
Solomons
Superior of Houston
Superior Wholesale
Tennessee Wholesale
Walker Drug
Whitmire (AMFAC)
W. H. King
W. Kelly

Coleman-Meadows-Pate Drug Co.

FOR MORE INFORMATION CONTACT:

REESE CHEMICAL CO.

Cleveland, OH 44106

1-800-321-7178 (Toll Free)

Circle #007 on Reader Service Card

Kmart turns up the heat to boost Rx sales

By James Frederick

TROY, Mich. — Less than a year after his arrival, Kmart Corp.'s new head of pharmacy operations is spearheading a major overhaul and upgrading of the discount store giant's pharmacy business. The changes are transforming many aspects of Kmart's pharmacy program and making it a far more aggressive component of the chain's overall business.

"We have the technology and the [headquarters] support to really build this side of the business," said Kevin Browett, who took over as director of pharmacy operations for Kmart this year. "The [corporate] attitudes [toward pharmacy] have changed phenomenally here in the last six months."

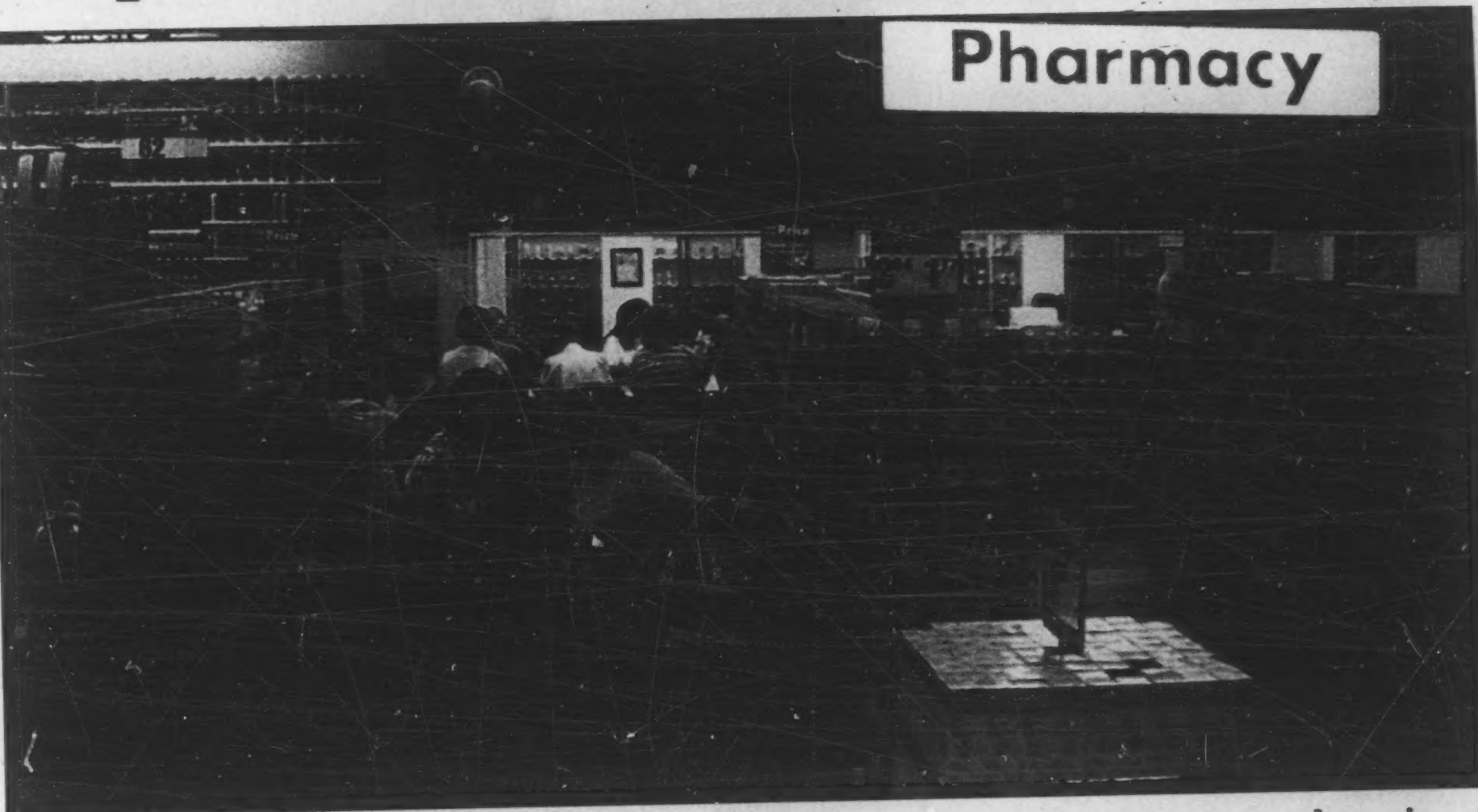
Browett, a young but experienced pharmacy executive, last served as head of pharmacy operations at Peoples Drug Stores before its merger with CVS. His mandate at Kmart: to build prescription sales through better technology, new ideas, higher service levels and more aggressive marketing.

All those forces are now in motion. Browett and his team of support people have redesigned the pharmacy prototype for new Kmart stores, installed new service and support programs, revamped the chain's prescription computer system and laid plans for the chain's first major ad campaign devoted exclusively to pharmacy.

The resources Kmart is now injecting into its pharmacy department are also fueling a major prescription expansion drive. Said Browett, "I have more than 100 new pharmacies to open by the end of the year, and that will push us to about 1,400. By the end of 1994, we are planning for about 1,800 pharmacies."

Some growth from buyouts

Many of the new in-store departments are going in older Kmart stores that are undergoing expansion and/or complete



Kmart will have a new pharmacy prototype, a revamped pharmacy computer system and a major ad campaign devoted exclusively to its pharmacy department.

renovation. Some of the growth is coming out of acquisition as Kmart buys up competitors' prescription files and inventory.

In a recent interview with *Drug Store News For the Pharmacist*, Browett detailed some of the changes at Kmart:

- The new pharmacy department layout is larger and easier to move around in. It's also highly automated with a new computer system being installed chainwide. The freestanding checkout counter that fronts Kmart pharmacies in older stores, separating pharmacists from patients, is gone. Instead, all purchases are rung up inside the station. Patients can now interact directly with practitioners at an open counter.

- The new computer system is vastly improved, and it replaces plans for a system which Kmart was developing in-house at the time Browett joined the company. "We were able to stop the [development] of that system" in favor of a far more powerful and comprehensive system, he said.

The new system is based on recently developed PDX software and new, more powerful IBM 95 computers. It will be an on-line system, eventually link-

'Attitudes [toward pharmacy] have changed phenomenally in the last 6 months.' —Browett

ing all Kmart pharmacies and patient records. What's more, it will allow for a host of capabilities, including immediate third-party verifications; instant updates in prices and formularies; zone pricing; detailed profiles of patients, physicians and drug interactions; and on-line reordering with Kmart's pharmaceutical wholesaler, Tennessee Wholesaler.

The effort is also a rapid one: Kmart aims to have the new systems installed chainwide by the end of the year.

- A major pharmacy ad campaign, accenting Kmart's low pharmacy prices, improved service levels and convenient locations, is in the works.

- Customer service is also getting more attention. Said Browett, "It's a service depart-

ment; my goal is to give a whole different level of service by reducing our customers' total health care bill. What Mr. [Joseph] Antonini [Kmart's chairman and ceo] sees in pharmacy is that it offers the stores built-in quality and another service for customers."

Browett added that a commitment to customer satisfaction and patient counseling—combined with Kmart's growing emphasis on everyday low pricing and a more flexible, reactive pricing policy—would boost script sales.

Indeed, the chain's prescription business is already reflecting the effects of recent efforts. "Our prescription business is up more than 20 percent this year, and our gross margins have improved," Browett said. ■

1990: A banner year for drug wholesalers

By Elizabeth Parks

In 1990, drug wholesalers had one of their best years ever.

Joe Polastri, chairman of the board for the National Wholesale Druggists' Association (NWDA) and president of McKesson Distribution Group, the industry's largest drug wholesaler, sums up 1990 as a year of strong accomplishments.

He describes the industry performance as a "significant achievement against the backdrop of a softening economy."

Indeed, according to the 1990 NWDA Operating Survey, sales for the industry were up 18.1 percent to \$30.18 billion. Gross margins reversed their historical decline and rose to 7.35 percent, compared to 7.30 percent on a composite-average basis in 1989.

NWDA also reports that operating expenses, as a percent of sales, declined again in 1990, dropping 2.7 percent to 4.72 percent compared to 4.85 percent in 1989.

But, despite the industry's sterling performance in 1990, Polastri and other wholesalers warn that there are some indicators and trends that are not totally encouraging.

Polastri cautions that wholesalers "may be approaching maximum efficiency" as the historical declines in operating expenses appears to be slowing.

Polastri and a number of other wholesalers are also concerned that intensifying competition for market share, combined with a reduction in manu-

facturer price increases, will hurt margin stability in 1991, and possibly again in 1992.

Many wholesaler executives also feel that mid-sized and smaller companies will continue to find it hard to compete in today's marketplace, and may be forced to either merge with a larger, more technologically advanced company to survive.

Many wholesalers believe the industry may shrink to 50 companies in the next few years from the present 83.

At Bergen Brunswig, President Phil Engle reports that while the 1990 calendar year was up for Bergen, the last half of the fiscal year, which ended in August, was more difficult.

"I'm not predicting that profit margins for the industry are going to go up again in 1991," Engle says, "because the competitive environment in the last three and four months is as strong as I've ever seen it."

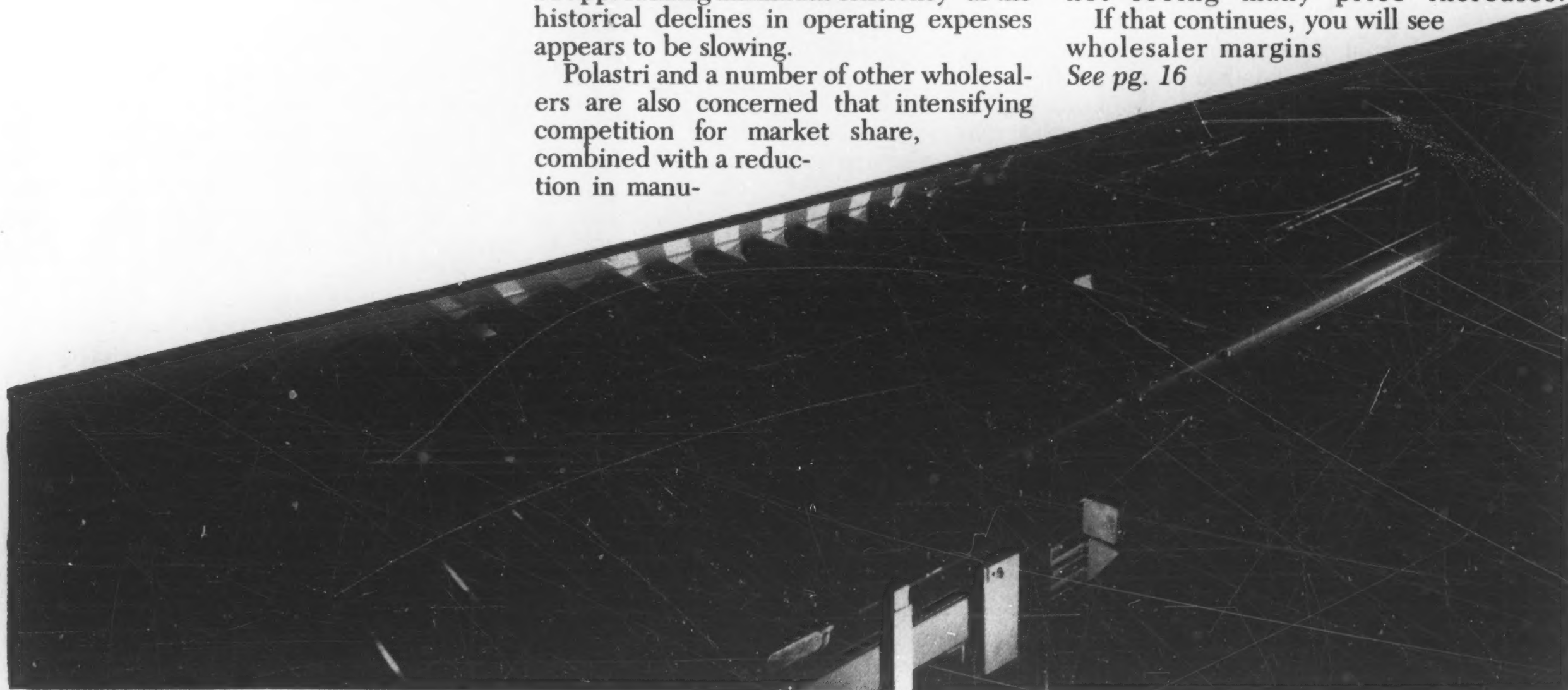
The big players are all after share of market, and to get that you've got to take business from the smaller guys.

"Margins are based on our ability to do forward buying," says Polastri.

"Right now, because of the pressure from Washington for cost containment, we're not seeing many price increases."

If that continues, you will see wholesaler margins

See pg. 16



ERYTHROMYCIN ETHYLSUCCINATE AND SULFISOXAZOLE ACETYL FOR ORAL SUSPENSION

INDICATION

For treatment of ACUTE OTTITIS MEDIA in children that is caused by susceptible strains of *Hemophilus influenzae*.

CONTRAINDICATIONS:

Known hypersensitivity to either erythromycin or sulfonamides. Infants less than 2 months of age.

Pregnancy at term and during the nursing period, because sulfonamides pass into the placental circulation and are excreted in human breast milk and may cause kernicterus in the infant.

WARNINGS

FATALITIES ASSOCIATED WITH THE ADMINISTRATION OF SULFONAMIDES, ALTHOUGH RARE, HAVE OCCURRED DUE TO SEVERE REACTIONS INCLUDING STEVENS-JOHNSON SYNDROME, TOXIC EPIDERMAL NECROLYSIS, FULMINANT HEPATIC NECROSIS, AGRANULOCYTOSIS, APLASTIC ANEMIA, AND OTHER BLOOD DYSCRASIAS.

Clinical signs such as sore throat, fever, pallor, rash, purpura, or jaundice may be early indications of serious reactions.

ERYTHROMYCIN ETHYLSUCCINATE AND SULFISOXAZOLE ACETYL FOR ORAL SUSPENSION SHOULD BE DISCONTINUED AT THE FIRST APPEARANCE OF SKIN RASH OR ANY SIGN OF ADVERSE REACTION. In some instances a skin rash may be followed by a more severe reaction, such as Stevens-Johnson syndrome, toxic epidermal necrolysis, hepatic necrosis and serious blood disorders.

COMPLETE BLOOD COUNT SHOULD BE DONE FREQUENTLY IN PATIENTS RECEIVING SULFONAMIDES.

Usage in Pregnancy (SEE ALSO: CONTRAINDICATIONS): The safe use of erythromycin or sulfonamides in pregnancy has not been established. The teratogenic potential of most sulfonamides has not been thoroughly investigated in either animals or humans. However, a significant increase in the incidence of cleft palate and other body abnormalities of offspring has been observed when certain sulfonamides of the short, intermediate and long-acting types were given to pregnant rats and mice at high oral doses (7 to 25 times the human therapeutic dose).

The frequency of renal complications is considerably lower in patients receiving the most soluble sulfonamides such as sulfisoxazole. Urinalysis with careful microscopic examination should be obtained frequently in patients receiving sulfonamides.

PRECAUTIONS

Erythromycin is principally excreted by the liver. Caution should be exercised in administering the antibiotic to patients with impaired hepatic function. There have been reports of hepatic dysfunction, with or without jaundice occurring in patients receiving oral erythromycin products.

Recent data from studies of erythromycin reveal that its use in patients who are receiving high doses of theophylline may be associated with an increase of serum theophylline levels and potential theophylline toxicity. In case of theophylline toxicity and/or elevated serum theophylline levels, the dose of theophylline should be reduced while the patient is receiving concomitant erythromycin therapy.

Surgical procedures should be performed when indicated.

Sulfonamide therapy should be given with caution to patients with impaired renal or hepatic function and in those patients with a history of severe allergy or bronchial asthma. In the presence of a deficiency in the enzyme glucose-6-phosphate dehydrogenase, hemolysis may occur. This reaction is frequently dose-related. Adequate fluid intake must be maintained in order to prevent crystalluria and renal stone formation.

ADVERSE REACTIONS

The most frequent side effects of oral erythromycin preparations are gastrointestinal, such as abdominal cramping and discomfort, and are dose-related. Nausea, vomiting, and diarrhea occur infrequently with usual oral doses. During prolonged or repeated therapy, there is a possibility of overgrowth of nonsusceptible bacteria or fungi. If such infections occur, the drug should be discontinued and appropriate therapy instituted. The overall incidence of these latter side effects reported for the combined administration of erythromycin and a sulfonamide is comparable to those observed in patients given erythromycin alone. Mild allergic reactions such as urticaria and other skin rashes have occurred. Serious allergic reactions, including anaphylaxis, have been reported with erythromycin. There have been isolated reports of reversible hearing loss occurring chiefly in patients with renal insufficiency and in patients receiving high doses of erythromycin. The following untoward effects have been associated with the use of sulfonamides:

Blood Dyscrasias: Agranulocytosis, aplastic anemia, thrombocytopenia, leukopenia, hemolytic anemia, purpura, hypoprothrombinemia and methemoglobinemia.

Allergic Reactions: Erythema multiforme (Stevens-Johnson syndrome), generated skin eruptions, epidermal necrolysis, urticaria, serum sickness, pruritus, exfoliative dermatitis, anaphylactoid reactions, periorbital edema, conjunctival and scleral injection, photosensitization, arthralgia and allergic myocarditis.

Gastrointestinal Reactions: Nausea, emesis, abdominal pains, hepatitis, diarrhea, anorexia, pancreatitis and stomatitis.

CNS Reactions: Headache, peripheral neuritis, mental depression, convulsions, ataxia, hallucinations, tinnitus, vertigo and insomnia.

Miscellaneous Reactions: Drug fever, chills and toxic nephrosis with oliguria and anuria. Periarthritis nodosa and LE phenomenon have occurred.

The sulfonamides bear certain chemical similarities to some goitrogens, diuretics (acetazolamide and the thiazides) and oral hypoglycemic agents. Goiter production, diuresis and hypoglycemia have occurred rarely in patients receiving sulfonamides. Cross-sensitivity may exist with these agents.

Rats appear to be especially susceptible to the goitrogenic effects of sulfonamides, and long-term administration has produced thyroid malignancies in the species.

BARR LABORATORIES, INC.
2 Quaker Road
Pomona, NY 10970

1990: A banner year for wholesaler

Continued from page 14

go down. A good part of our profits comes from forward buying, and if prices don't go up in the later part of this year, that will be the key that affects what happens to our margins."

"It's been a very tough competitive year," says Bob McHugh, vp of marketing for Alco Health Services "and it's going to continue to be rough."

McHugh predicts that the margin pressure "will continue to be a major challenge as competition intensifies for all the major trade classes, including hospitals, retail chains, buying groups and drug

wholesalers."

"People still worry about margins and operating expenses," says Mel Whitmire, president and ceo of Whitmire Distribution Corp., known until last August as Am-fac Health Care.

"Although margins have stabilized in recent years—and going up in 1990 was a good sign—there are still legitimate concerns about the stability of margins," he continues. "In the past, we've been able to reduce expenses as a percent of revenues, but we have made such dramatic increases in expense reduction that it's getting harder and harder to do."

Indicators	1990	1989	1988	1987	1986
Return on net worth	14.95%	14.30%	11.30%	12.80%	9.70%
Return on total assets	5.77	5.84	4.67	5.55	4.46
Total asset turnover	4.15	4.10	4.15	4.11	3.88
Gross profit margins	7.35	7.30	7.34	7.60	8.19
Net profit margins	1.35	1.36	1.13	1.33	1.13

Source: NWDA 1990 Operating Survey.

Indicators	1990	1989	1988	1987	1986
Gross profit*	7.35%	7.30%	7.34%	7.60%	8.19%
Operating expenses	4.72	4.85	4.99	5.28	5.98
Operating profit margin*	2.63	2.45	2.34	2.31	2.21

*Fifo results.
Source: NWDA 1990 Operating Survey.

Bio-tech drugs boost wholesalers

The emergence this year of high-ticket bio-technology drugs has given the profit picture for drug wholesalers a tremendous boost.

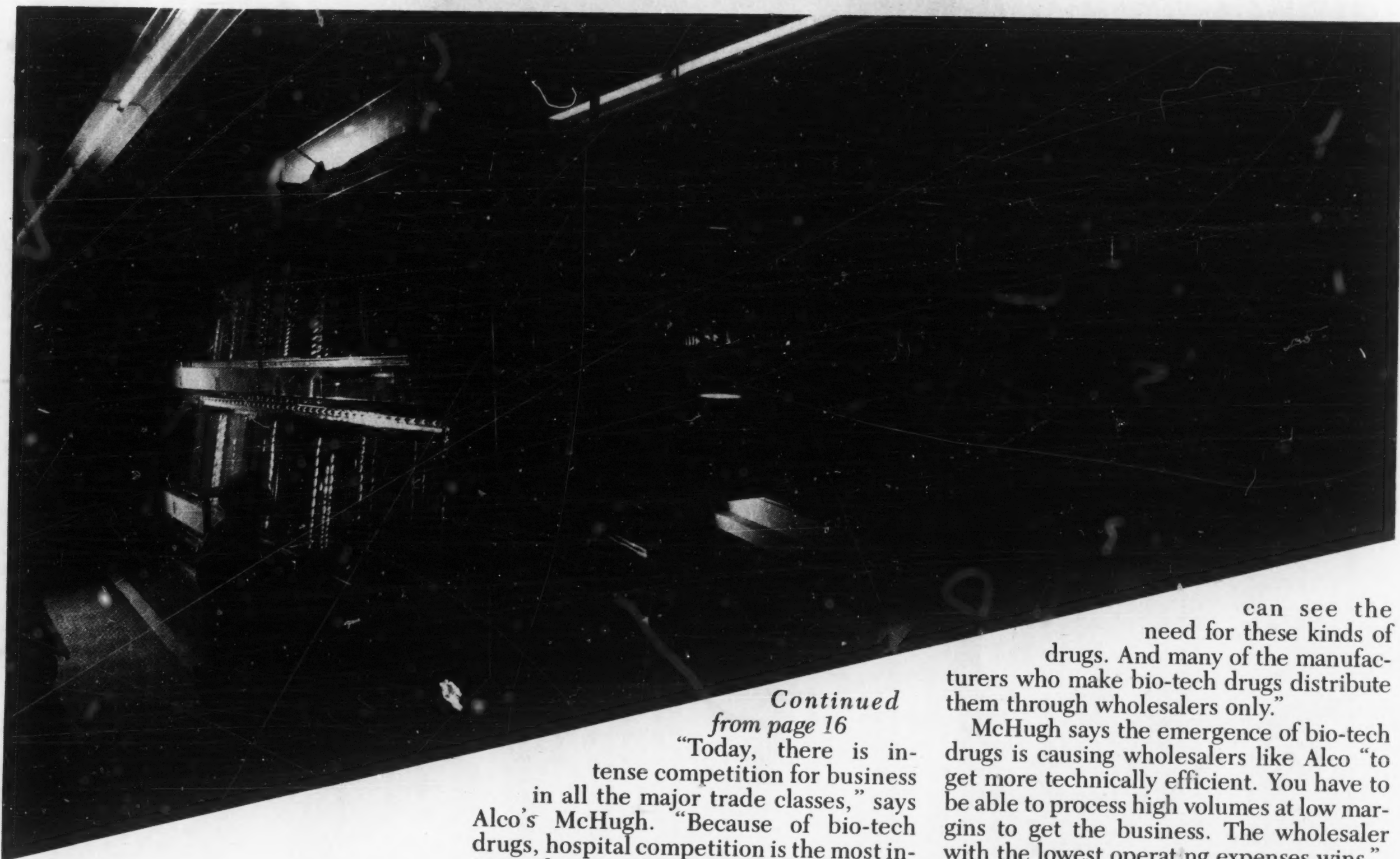
Because bio-tech drugs carry tickets ranging from \$1,000 to \$2,000 a vial, they can be extremely profitable to pick. Unlike home health care equipment, they are not bulky or slow turning, so although they may require refrigeration and certain other special treatments, they are not costly to stock.

Their only down side is that they may be one of the main reasons why the market-

place has gotten so hotly competitive this year in drug wholesaling. Some sources report that some companies are out competing for hospitals, the trade class that predominantly buys bio-tech drugs, at cost plus zero. "They're giving away margins and living off the float," one source put it.

Other sources say the same kind of competition is also going on for brokerage business with warehousing chains, another trade class that wholesalers have identified as critical to their future.

Continued on page 19



*Continued
from page 16*

"Today, there is intense competition for business in all the major trade classes," says Alco's McHugh. "Because of bio-tech drugs, hospital competition is the most intense, but you are also seeing a scramble for business with retail chains and buying groups."

"Bio-tech drugs are very high-ticket items," says McKesson's Polastri. "And they're important because the more dollars

can see the need for these kinds of drugs. And many of the manufacturers who make bio-tech drugs distribute them through wholesalers only."

McHugh says the emergence of bio-tech drugs is causing wholesalers like Alco "to get more technically efficient. You have to be able to process high volumes at low margins to get the business. The wholesaler with the lowest operating expenses wins."

"Bio-tech drugs are a great growth area for wholesalers," says Bergen Brunswick president Phil Engle. "Right now we have two bio-tech drugs in our Top 10 that weren't even around a few years ago."

One of these drugs is the second largest volume drug that Bergen stocks. Engle says that prospects for growth are "infinity. You're growing from a zero base," he says, "and the selling price on a two vial pack of a drug like Acti-vase is over \$2,000."

In the years to come, Engle says the emergence of more bio-tech will "change the way we do business. "Some drugs like Epogen will be administered in nontraditional channels that historically have not been our customers, like kidney dialysis centers.

"Wholesalers will have to look at where these drugs are administered and follow them into that channel to court them as new customers."

"IMS estimates that the pharmaceutical market today is about \$40 billion, and they expect that to grow to \$70 or \$80 billion by the year 2,000.

"Bio-tech drugs today are probably a little over \$1 billion, but are expected to be a \$50 billion business by the year 2,000." ■

Drug wholesalers: Product sales mix
(Percentage of net drug wholesaling sales)

Product mix	1990	1989	1988	1987	1986	1979
Pharmaceutical	79.5%	80.6%	77.0%	77.8%	76.4%	63.4%
Proprietary	10.0	8.4	11.3	12.2	12.5	17.5
HBA	7.1	6.7	7.0	4.0	4.5	9.7
Sundry	1.9	2.4	2.6	3.1	4.3	8.3
DME & HHC*	0.9	1.0	1.0	1.1	1.1	—
Other	0.6	0.9	1.1	0.9	1.3	1.3

*Durable Medical Equipment and Home Health Care.

Source: 1990 NWDA Operating Survey.

you can pump in, the more your costs and expenses stay the same or go lower. We're still waiting for Centoxin to break. When it hits, it's going to put new zip into sales and profits."

"Centoxin reportedly is going to cost about \$4,000 a dose," says McHugh. "But hospitals will use it to treat septic shock, which can kill in a matter of hours, so you

Technology helps drug wholesalers weather recession

In the midst of a recession, most drug wholesalers say their biggest accomplishments have been building sales and remaining profitable.

They attribute their success to their ability to upgrade, use technology and consolidate and modernize distribution centers. The result: lower expenses and higher profits.

McKesson

Earlier this year, McKesson Drug opened a fully automated warehouse in St. Louis featuring an automated picking machine made in Austria.

McKesson president Joe Polastri says that, with the opening of that facility, McKesson became the first manufacturer in the country with two conveyor belts picking at the same time.

The company may also be the first wholesaler to pack the retailer's invoice and labels inside the box, so when it reaches the store and the retailer opens it, he will have product, invoice and labels all in one place.

Polastri says McKesson plans to open four more fully automated centers next year in New Jersey, Atlanta, the Washington, D.C. area and Sacramento, Calif.

He says McKesson expects over time to realize a good return on investment from these facilities as well as substantial reductions in operating expenses.

The automated system, which the company calls MAPS (McKesson Automated Picking System) can pick 1200 orders an hour, says Polastri.

Its speed, he says, challenges McKesson's ability to keep the machine working at capacity. "How much can you feed in is what we have to find out," he says. "The machine's efficiency depends on the volume of business we can generate."

The company also has what may be the industry's first "paperless" facility in Spokane, Wash.

In this system, all paper ordering has been supplanted by automated radio frequency, a development Polastri calls "tremendously exciting."

"We don't know how much money we'll save," he says, "but we do know everything will be done much more accurately."

"We will know where the product is from the second we receive it until it is delivered. It will be scanned when we receive it

Continued on page 22

The Nation's 20 Top Drug Wholesalers

Company	FY ending	Sales in millions	Projected Next Year Sales
1. McKesson Drug San Francisco	3/31/91	\$7,098	\$7,600
2. Bergen Brunswig Los Angeles	8/31/91	4,571	5,432
3. Alco Health Services Valley Forge, Pa.	9/30/91	2,797	3,197
4. Fox Meyer Denver	3/31/91	2,685	2,922
5. Bindley Western Indianapolis	12/31/90	2,000	2,400
Total Sales Top 5: \$19.2B (63% of industry sales)			
6. Whitmire Distribution Corp. ¹ Folsom, Calif.	6/30/91	1,617	1,986
7. Harris Wholesalers Solon, Ohio	10/31/90	1,283	1,375
8. Cardinal Health Dublin, Ohio	4/30/91	1,184	1,421
9. Durr Fillauer Montgomery, Ala.	12/31/90	584	689
10. Humiston-Keeling Chicago	4/30/91	464 ^E	600 ^E
Total Sales Top 10: \$24.3B (80% of industry sales)			
11. OCP-Ketchum South Plainfield, N.J.	9/30/90	335	400 ^E
12. Owens & Minor Richmond, Va.	12/31/90	331	350 ^E
13. Moore Medical Corp. New Britain, Conn.	12/31/90	305 ^E	350 ^E
14. Neuman Wholesalers Ridgefield, N.J.	4/30/91	260	300 ^E
15. Drug Guild Distributors Secaucus, N.J.	7/31/91	245	300 ^E
Total Sales Top 15: \$25.8B (85% of industry sales)			
16. Walker Drug Birmingham, Ala.	12/31/90	240	285 ^E
17. Commons Bros., Inc. Elmsford, N.Y.	4/30/91	210 ^E	240 ^E
18. Chapman Drug Co. ² Knoxville, Tenn.	6/24/91	190 ^E	220 ^E
19. Gulf Distribution, Inc. ³ Miami, Fla.	6/30/91	190 ^E	200 ^E
20. Twin City Wholesale Drug Minneapolis	4/30/91	185 ^E	215 ^E
Total Sales Top 20: \$26.8B (89% of industry sales)			
^E Estimated ¹ Formerly Amfac Health Care ² Chapman was acquired by Cardinal Drug in August 1991. ³ Indicates a tie in sales or sales estimate with next listed wholesaler. Source: Drug Store News/NWDA Survey.			

Technology helps weather recession

Drug wholesalers with voluntary programs

Company	Voluntary name	No. of members
McKesson	Valu-Rite	3,300
Durr Fillauer	Price Guard	1,600
Alco Health Services	Family Pharmacy	1,200
Bergen Brunswig	Good Neighbor	1,050
Drug Guild	Drug Guild Stores	650
FoxMeyer ¹	Health Mart	600
Whitmire Distribution	P.R.I.D.E. Pharmacies	450
North Carolina Mutual	North Carolina Mutual	439
Barnes Wholesalers	Major Value	400
Northwestern Drug	Merit Plus	350
Walker Drug	Health Center	325
Albers	ADVALUE Drug Centers	293
OCP-Ketchum Distributors	Professional Independent Pharmacies	240
Harris Wholesalers	Health Plus	180
Cardinal	Leader Drug	165
Solomons Co.	Health Care Pharmacies	149
& Minor	Cardinal Drug Center	93
F. Dohmen	Betterway	90
Northern Drug	Med Plus Pharmacies	75
Neuman Wholesalers	Super Save	70
Walsh-Lumpkin	Healthcare America	50
Kendall Drug	HealthNet	45
Dik Drug	Centsible	n.a.

¹FoxMeyer's Health Mart is a franchise program.

Source: Drug Store News/NWDA 1990 Survey.

Drug wholesalers customer sales mix

Customer mix	1990	1989	1988	1987	1986	1978
Independents	40.8%	40.9%	44.2%	45.6%	47.7%	60.7%
Chain drug stores	25.7	22.2	21.7	22.8	23.7	20.8
Hospitals	22.9	23.9	22.8	22.2	20.1	11.4
Chain drug warehouses	2.8	7.5	6.1	5.0	5.1	4.7
Mass merchandisers & food stores	4.3	2.8	3.4	2.5	2.3	1.6
Clinics, nursing homes	1.0	1.6	0.9	NA	NA	NA
Others*	2.5	1.6	0.9	1.9	1.2	NA

*In 1988, 0.9 percent of total sales went to what NWDA defines as "other" customers. In 1990, this segment, which includes consulting pharmacists, etc., increased to 2.5 percent of total sales.

Source: NWDA 1990 Operating Survey

Continued from page 20

at the dock, scanned when we place it in the warehouse, scanned when we pick it, scanned when we put it on the conveyors, scanned when it goes on the truck, and scanned when it's delivered."

Bergen Brunswig

Bergen Brunswig, along with McKesson, was one of the first wholesalers to commit major dollars to upgrading its facilities and systems with new technologies designed to reduce the overall costs of doing business.

Today, Bergen has two fully automated distribution centers and four semi-automated facilities equipped to become fully automated once it achieves the needed dollar volume in sales—from \$250 to \$300 million per facility.

The wholesaler is also investing in additional automation in two more centers set to open in mid-1992. Both will be semi-automated, but designed so they can be upgraded to full automation when they achieve the required volume.

In these centers, instead of the two picking machines costing \$1.5 million each that are standard in the fully automated, regional D-Cs, Bergen uses mechanized conveyors with bar code readings.

"It takes three to four years to reap the benefits of a fully automated center," says Engle, "and the two we have now in Valencia and Corona are tracking well. Valencia is in its third year and Corona in its second."

Bergen has just picked up the Raley's food chain account in California, so it is planning to upgrade its Sacramento warehouse to full automation sometime in the near future.

The wholesaler may also fully automate its Williamston, Mich., facility in 1992.

It has experimented with both A-frame picking machines and with Itematics, and Engle says the preference is for the A-

frames. He says they are easier to refill and very efficient. Corona and Valencia both have A-frames. San Jose has Itematics. Future upgrades will be done with A-frames.

Bergen is also integrating bar coding readings into all facilities. Engle says the plan is to eventually operate completely paperless. "Everything will be digital readouts with radio frequency scanners. The big savings will be in accuracy. We won't have to deal with returns because something was picked wrong."

Continued on page 25

Technology helps wholesalers weather recession

Continued from page 22

Alco

At Alco Health Services, chairman and president John McNamara says the company is particularly proud of its success at aligning its business strategies to the segments it services, including community pharmacies, hospital pharmacies and chain drug stores.

Taking such an approach, he says, has allowed Alco to be "very specific in each of these areas about the value-added programs we can offer each group." McNamara says that its targeted approach has also helped Alco control costs to the point that operating expenses this year are hovering at about 4 percent of sales.

Alco's sales for the third and most recent quarter were up 14 percent vs. the prior year. Bob McHugh, vp of marketing, says that sales have been "accelerating each quarter." As a private company, Alco wasn't prepared to discuss earnings.

McHugh and McNamara report they are seeing particularly strong growth in their generic drug program. Alco developed a Multiple Source program that organizes the purchases of various generic pharmaceuticals into one package. Customers don't have to deal with a variety of suppliers for generics.

McNamara says that program has been developing "at a very fast rate, and is already exceeding projections for fiscal year 1991."

Last year, Alco also expanded its base of retail customers by acquiring Eagle Drug, a voluntary with a 57-store membership headquartered in Minnesota.

Last year, Alco won some significant prime vendor contracts with some major hospital accounts. They also acquired the account for Al Towle's new 147-unit RxPlus chain headquartered in Phoenix.

FoxMeyer

FoxMeyer, eager to get growth funds for upgrading and expansion, went public last August.

National Intergrupp, Fox's parent company, sold 30 percent of the company's stock while retaining a 70 percent share.

President Bob King says the stock came out selling at \$14.50 and has since ranged from its initial offering to as much as \$15.25.

King says the company decided to go public because management felt "the best

way to get value for Fox was to get the company out there on its own trading as a pure drug wholesaler.

"We also needed access to public money to raise money to accomplish what we want to do."

At this point, says King, Fox is in the early stages of automating its warehouses. Last June, the company installed its first A-frame in Kansas city.

King says Fox plans to roll out this type of picking device to other divisions, starting with high-volume facilities and then taking it into moderate volume houses.

"We can justify A-frames at \$200 million or even less," says King. "Unlike other houses, we haven't chosen to automate the entire warehouse, just the fastest moving items."

King expects to realize significant cost savings through automation, but says he's most excited about what the automated pick machines will do to improve accuracy.

In 1992, King says Fox will probably automate two or three more warehouses, "and probably take it down to seven or eight d.c.'s over the next two to three years."

Fox is also in the early stages of a major computer system upgrade.

Now that FoxMeyer has more cash from going public, King says they will actively be looking to expand into new territories, and there may be some acquisitions as well.

Bindley Western

At Bindley Western, chairman and ceo Bill Bindley feels the most significant accomplishment in the past year has been the transition to "full lines and full service."

Bindley has 12 d.c.'s now. The average center generates \$200 million. In 1987, the average d.c. was doing \$100 million.

All centers have mezzanines, which allows Bindley to use air space to maximize efficiency. They also have a standard layout, so the way items are picked and rotated in one facility is exactly the same as it would be in any other.

Bindley's new facility in San Demos, Calif., is doing well, and the company doubled the size of its Charlotte, N.C. center. Bindley is also adding more space in its Indianapolis facility. The company also has a new 100,000-square-foot center in Orlando.

Bindley's newest facility, in Stanford, Conn., will open in 1992, and will consolidate three smaller centers.

The wholesaler will also move into a new facility in Atlanta within the next six months, and will push deeper into the northeast market by opening its first Pennsylvania facility in Harrisburg toward the end of this year.

Bindley has used technology to improve its data processing systems. "We've developed new software programs for ourselves and our customers. We have a variety of p.c.-based programs to help retailers manage their businesses. We also have a new nursing home pharmaceutical package that is comparable to our retail packages. Nursing homes has been another growth area for us."

Although Bindley has what may be the lowest operating expenses in the wholesale drug industry, the company is trying to become even more efficient. He says the goal is to trim expenses to 1 percent of sales from the current 1.1 to 1.2 percent.

Continued on page 28

Drug wholesaler sales growth (billions)

	1986	1987	1988	1989	1990	1991 E*
Dollar sales	\$16.7	\$19.5	\$22.2	\$25.2	\$30.2	
% chng vs prior year	18.5%	16.8%	14.0%	13.5%	18.1%	
Producer price increases (PPI)	12.6%	9.40%	8.25%	7.94%	7.20%	
Sales increases minus PPI	5.87%	7.04%	5.77%	5.57%	10.97%	
*Estimated Source: NWDA 1990 Operating Survey/Drug Store News 1991 dollar sales estimate.						

NIFEDIPINE CAPSULES, USP

Brief Summary

INDICATIONS AND USAGE:

I. Vasospastic Angina: Nifedipine is indicated for the management of vasospastic angina confirmed by any of the following criteria: 1) classical pattern of angina at rest accompanied by ST segment elevation, 2) angina or coronary artery spasm provoked by ergonovine, or 3) angiographically demonstrated coronary artery spasm. In those patients who have had angiography, the presence of significant fixed obstructive disease is not incompatible with the diagnosis of vasospastic angina, provided that the above criteria are satisfied. Nifedipine may also be used where the clinical presentation suggests a possible vasospastic component but where vasospasm has not been confirmed, e.g., where pain has a variable threshold on exertion or in unstable angina where electrocardiographic findings are compatible with intermittent vasospasm, or when angina is refractory to nitrates and/or adequate doses of beta blockers.

II. Chronic Stable Angina (Classical Effort-Associated Angina): Nifedipine is indicated for the management of chronic stable angina (effort-associated angina) without evidence of vasospasm in patients who remain symptomatic despite adequate doses of beta blockers and/or organic nitrates or who cannot tolerate those agents.

In chronic stable angina (effort-associated angina) nifedipine has been effective in controlled trials of up to eight weeks duration in reducing angina frequency and increasing exercise tolerance, but confirmation of sustained effectiveness and evaluation of long term safety in these patients are incomplete.

Controlled studies in small numbers of patients suggest concomitant use of nifedipine and beta blocking agents may be beneficial in patients with chronic stable angina, but available information is not sufficient to predict with confidence the effects of concurrent treatment, especially in patients with compromised left ventricular function or cardiac conduction abnormalities. When introducing such concomitant therapy, care must be taken to monitor blood pressure closely since severe hypotension can occur from the combined effects of the drugs. (See WARNINGS.)

CONTRAINDICATIONS:

Known hypersensitivity reaction to nifedipine.

WARNINGS:

Excessive Hypotension: Although in most patients, the hypotensive effect of nifedipine is modest and well tolerated, occasional patients have had excessive and poorly tolerated hypotension. These responses have usually occurred during initial titration or at the time of subsequent upward dosage adjustment, and may be more likely in patients on concomitant beta blockers.

Severe hypotension and/or increased fluid volume requirements have been reported in patients receiving nifedipine together with a beta blocking agent who underwent coronary artery bypass surgery using high dose fentanyl anesthesia. The interaction with high dose fentanyl appears to be due to the combination of nifedipine and a beta blocker, but the possibility that it may occur with nifedipine alone, with low doses of fentanyl, in other surgical procedures, or with other narcotic analgesics cannot be ruled out. In nifedipine treated patients where surgery using high dose-fentanyl anesthesia is contemplated, the physician should be aware of these potential problems and, if the patient's condition permits, sufficient time (at least 36 hours) should be allowed for nifedipine to be washed out of the body prior to surgery.

Increased Angina and/or Myocardial Infarction: Rarely, patients, particularly those who have severe obstructive coronary artery disease, have developed well documented increased frequency, duration and/or severity of angina or acute myocardial infarction on starting nifedipine or at the time of dosage increase. The mechanism of this effect is not established.

Beta Blocker Withdrawal: Patients recently withdrawn from beta blockers may develop a withdrawal syndrome with increased angina, probably related to increased sensitivity to catecholamines. Initiation of nifedipine treatment will not prevent this occurrence and might be expected to exacerbate it by provoking reflex catecholamine release. There have been occasional reports of increased angina in a setting of beta blocker withdrawal and nifedipine initiation. It is important to taper beta blockers if possible, rather than stopping them abruptly before beginning nifedipine.

Congestive Heart Failure: Rarely, patients, usually receiving a beta blocker, have developed heart failure after beginning nifedipine. Patients with tight aortic stenosis may be at greater risk for such an event, as the unloading effect of nifedipine would be expected to be of less benefit to these patients, owing to their fixed impedance to flow across the aortic valve.

PRECAUTIONS:

General: Hypotension: Because nifedipine decreases peripheral vascular resistance, careful monitoring of blood pressure during the initial administration and titration of nifedipine is suggested. Close observation is especially recommended for patients already taking medications that are known to lower blood pressure. (See WARNINGS.)

Peripheral Edema: Mild to moderate peripheral edema, typically associated with arterial vasodilation and not due to left ventricular dysfunction, occurs in about one in ten patients treated with nifedipine. This edema occurs primarily in the lower extremities and usually responds to diuretic therapy. With patients whose angina is complicated by congestive heart failure, care should be taken to differentiate this peripheral edema from the effects of increasing left ventricular dysfunction.

Laboratory Tests: Rare, usually transient, but occasionally significant elevations of enzymes such as alkaline phosphatase, CPK, LDH, SGOT and SGPT have been noted. The relationship to nifedipine therapy is uncertain in most cases, but probable in some. These laboratory abnormalities have rarely been associated with clinical symptoms, however, cholestasis with or without jaundice has been reported. Rare instances of allergic hepatitis have been reported.

Nifedipine, like other calcium channel blockers, decreases platelet aggregation *in vitro*. Limited clinical studies have demonstrated a moderate but statistically significant decrease in platelet aggregation and increase in bleeding time in some nifedipine patients. This is thought to be a function of inhibition of calcium transport across the platelet membrane. No clinical significance for these findings has been demonstrated.

Positive direct Coombs test with/without hemolytic anemia has been reported.

Although nifedipine has been used safely in patients with renal dysfunction and has been reported to exert a beneficial effect in certain cases, rare, reversible elevations in BUN and serum creatinine have been reported in patients with pre-existing chronic renal insufficiency. The relationship to nifedipine therapy is uncertain in most cases but probable in some.

Drug Interactions: **Beta-adrenergic blocking agents:** (See INDICATIONS and WARNINGS.) Experience in over 1400 patients in a non-comparative clinical trial has shown that concomitant administration of nifedipine and beta-blocking agents is usually well tolerated, but there have been occasional literature reports suggesting that the combination may increase the likelihood of congestive heart failure, severe hypotension or exacerbation of angina.

Long acting nitrates: Nifedipine may be safely co-administered with nitrates, but there have been no controlled studies to evaluate the antianginal effectiveness of this combination.

Digitalis: Administration of nifedipine with digoxin increased digoxin levels in nine of twelve normal volunteers. The average increase was 45%. Another investigator found no increase in digoxin levels in thirteen patients with coronary artery disease. In an uncontrolled study of over two hundred patients with con-

gestive heart failure during which digoxin blood levels were not measured, digitalis toxicity was not observed. Since there have been isolated reports of patients with elevated digoxin levels, it is recommended that digoxin levels be monitored when initiating, adjusting, and discontinuing nifedipine to avoid possible over- or under-digitalization.

Coumarin anticoagulants: There have been rare reports of increased prothrombin time in patients taking coumarin anticoagulants to whom nifedipine was administered. However, the relationship to nifedipine therapy is uncertain.

Cimetidine: A study in six healthy volunteers has shown a significant increase in peak nifedipine plasma levels (80%) and area-under-the-curve (74%) after a one week course of cimetidine at 1000 mg per day and nifedipine at 40 mg per day. Ranitidine produced smaller, non-significant increases. The effect may be mediated by the known inhibition of cimetidine on hepatic cytochrome P-450, the enzyme system probably responsible for the first-pass metabolism of nifedipine. If nifedipine therapy is initiated in a patient currently receiving cimetidine, cautious titration is advised.

Carcinogenesis, Mutagenesis, Impairment of Fertility: Nifedipine was administered orally to rats for two years and was not shown to be carcinogenic. When given to rats prior to mating, nifedipine caused reduced fertility at a dose approximately 30 times the maximum recommended human dose. *In vivo* mutagenicity studies were negative.

Pregnancy: Pregnancy Category C. Nifedipine has been shown to be teratogenic in rats when given in doses 30 times the maximum recommended human dose. Nifedipine was embryotoxic (increased fetal resorptions, decreased fetal weight, increased stunted forms, increased fetal deaths, decreased neonatal survival) in rats, mice and rabbits at doses of from 3 to 10 times the maximum recommended human dose. In pregnant monkeys, doses 2/3 and twice the maximum recommended human dose resulted in small placentas and underdeveloped chorionic villi. In rats doses three times maximum human dose and higher caused prolongation of pregnancy. There are no adequate and well controlled studies in pregnant women. Nifedipine should be used during pregnancy only if the potential benefit justifies the potential risk to the fetus.

ADVERSE REACTIONS:

In multiple-dose U.S. and foreign controlled studies in which adverse reactions were reported spontaneously, adverse effects were frequent but generally not serious and rarely required discontinuation of therapy or dosage adjustment. Most were expected consequences of the vasodilator effects of nifedipine.

Adverse Effect	Nifedipine (%) (N=226)	Placebo (%) (N=235)
Dizziness, lightheadedness, giddiness	27	15
Flushing, heat sensation	25	8
Headache	23	20
Weakness	12	10
Nausea, heartburn	11	8
Muscle cramps, tremor	8	3
Peripheral edema	7	1
Nervousness, mood changes	7	4
Palpitation	7	5
Dyspnea, cough, wheezing	6	3
Nasal congestion, sore throat	6	8

There is also a large uncontrolled experience in over 2100 patients in the United States. Most of the patients had vasospastic or resistant angina pectoris, and about half had concomitant treatment with beta-adrenergic blocking agents. The most common adverse events were:

Incidence Approximately 10%

Cardiovascular: peripheral edema
Central Nervous System: dizziness or lightheadedness
Gastrointestinal: nausea
Systemic: headache and flushing, weakness

Incidence Approximately 5%

Cardiovascular: transient hypotension

Incidence 2% or Less

Cardiovascular: palpitation
Respiratory: nasal and chest congestion, shortness of breath
Gastrointestinal: diarrhea, constipation, cramps, flatulence
Musculoskeletal: inflammation, joint stiffness, muscle cramps
Central Nervous System: shakiness, nervousness, jitteriness, sleep disturbances, blurred vision, difficulties in balance
Other: dermatitis, pruritus, urticaria, fever, sweating, chills, sexual difficulties.

Incidence Approximately 0.5%

Cardiovascular: syncope. Syncopal episodes did not recur with reduction in the dose of nifedipine of concomitant antianginal medication.

Incidence Less Than 0.5%

Hematologic: thrombocytopenia, anemia, leukopenia, purpura
Gastrointestinal: allergic hepatitis
Oral: gingival hyperplasia
CNS: depression, paranoid syndrome
Special Senses: transient blindness at the peak of plasma level
Other: erythromelalgia, arthritis with ANA (+)

Several of these side effects appear to be dose related. Peripheral edema occurred in about one in 25 patients at doses less than 60 mg per day and in about one patient in eight at 120 mg per day or more. Transient hypotension, generally of mild to moderate severity and seldom requiring discontinuation of therapy, occurred in one of 50 patients at less than 60 mg per day and in one of 20 patients at 120 mg per day or more. Very rarely, introduction of nifedipine therapy was associated with an increase in anginal pain, possibly due to associated hypotension.

In addition, more serious adverse events were observed, not readily distinguishable from the natural history of the disease in these patients. It remains possible, however, that some or many of these events were drug related. Myocardial infarction occurred in about 4% of patients and congestive heart failure or pulmonary edema in about 2%. Ventricular arrhythmias or conduction disturbances each occurred in fewer than 0.5% of patients.

In a subgroup of over 1000 patients receiving nifedipine with concomitant beta blocker therapy, the pattern and incidence of adverse experiences was not different from that of the entire group of nifedipine treated patients. (See PRECAUTIONS.)

In a subgroup of approximately 250 patients with a diagnosis of congestive heart failure as well as angina, dizziness or lightheadedness, peripheral edema, headache or flushing each occurred in one in eight patients. Hypotension occurred in about one in 20 patients. Syncope occurred in approximately one patient in 250. Myocardial infarction or symptoms of congestive heart failure each occurred in about one patient in 15. Atrial or ventricular dysrhythmias each occurred in about one patient in 150.

A Trusted Name For Over Half A Century
PUREPAC

Purepac Pharmaceutical Co., Division of Kalipharma, Inc.
200 Elmora Avenue, Elizabeth, N.J. 07207
(908) 527-9100 • 1-800-526-6978

Circle #14 on Reader Service Card

wholesalers

Technology helps drug wholesalers

Continued from page 25

Pharmacy is still the bread and butter of Bindley's business, accounting for 95 percent of the business. Several years ago, however, pharmacy accounted for 99 percent of their business. The decline is a reflection of Bindley's successful penetration into the front end of the business.

The average Bindley facility stocks some 22,000 to 23,000 SKUs compared to the 7,000 to 8,000 they stocked five years ago.

"We can now call on and sell just about any retail pharmacy in the country," Bindley says.

Whitmire

Whitmire Distribution regards its ability to grow at over 30 percent a year for the past three to four years as a significant accomplishment.

Whitmire, formerly Amfac, does a lot of business with the hospital market, and as a consequence it has smaller facilities than the average high-volume wholesaler.

The company has developed a strategic business plan geared to helping it react quickly to customer needs.

"To a large extent," says Mel Whitmire, "our business is based on the degree of service we can provide."

"When you're dealing with an acute care hospital, you can't provide deliveries two times a week. They may need Saturday deliveries or even daily deliveries. We provide that service."

Whitmire has been able to grow its business "all across the board. Every segment is up—hospitals, chains and independents."

However, its largest increases are with managed care facilities, including HMOs.

Whitmire's work with both acute and managed care has helped its rapid expansion into high-ticket bio-tech pharmaceuticals. Sales of the drugs are up dramatically, and the company is responding by making adjustments to its facilities, including the construction of refrigerated vaults to accommodate the drugs as well as larger vaults for narcotics.

Management now owns 20 percent of Whitmire Distribution's stock, and its newest investor, Chemical Equity, has said it will take 10 percent of the 40 percent share just purchased and distribute it to management as an incentive if, over the next five years, the company continues to prosper.

Whitmire Distribution is also courting the independent and chain drug market more aggressively than ever, and seeing larger sales increases in these segments as a result of their efforts.

Drug stores get to root of oral hygiene segment

Drug store dental sales gain slightly

(Dollar sales in thousands)

	Jan-June 1991	Jan-June 1990	% change
Dentifrice	\$149,375	\$143,811	+3.9%
Mouthwash	110,139	113,582	-3.0
Toothbrushes	63,978	63,386	+1.0
Denture adhesives	33,336	33,262	+0.2
Denture cleansers	29,113	28,123	+3.5
Tooth analgesics	23,030	22,150	+4.0
Dental floss	19,888	19,614	+1.4
TOTAL	\$428,859	\$423,928	+1.2%

Source: Nielsen Marketing Research.

It's hard for drug stores to compete with deep discounters and supermarkets in the price-sensitive oral hygiene category.

But, there are still segments of the category in which drug stores are not only making a good margin, but are also creating a niche for themselves. One area that provides a marketing opportunity for drug stores is oral analgesic medications. Colgate-Hoyt, manufacturer of Orabase products, estimates that this segment generates \$125 million a year.

Items in this segment are often dependent on pharmacists' recommendations and benefit by their placement near the pharmacy area. Drug stores can offer an advantage over their competitors by having professionals present in the stores to answer questions customers may have about which product they should use for their tooth pain, fever or lip sores.

"Pharmacists do get a lot of questions about toothache pain," said Mark Wermes, director of pharmacy at Phoenix-based RxPlus. "The first thing customers want to know is whether they should see a dentist. Then they want to know what they can do about the pain. We have an advantage in this area because of pharmacists' recommendations."

Said Andy Giancamilli, senior vp-store operations at Perry Drug Stores: "Pharmacists are

familiar with the remedies for toothaches and toothpain and can often suggest something that can give them relief until they can see their dentist."

Among the products recommended by RxPlus pharmacists: Commerce Drug's Oragel, Whitehall's Anbesol and Colgate-Hoyt's Orabase. Zila Pharmaceuticals' new Zilactol, a product which fights cold sores and fever blisters, also gets frequent recommendations from RxPlus pharmacists.

Oral medications do a steady business at Newport Beach, Calif.-based Horton & Converse Pharmacies. Buyer Robin Koon said sales of Orabase with Benzocaine have picked up over the past year, although the chain does not advertise the product. Colgate-Hoyt recently introduced Orabase Lip Healer for fever blisters and Orabase Teething Gel.

At New Orleans-based K&B, oral medications are located on peg displays near the pharmacy area. "The segment is a nice niche category that's not competitively priced, so we make a nice profit," said buyer Cyrus Miller.

Dental accessories added

In the toothpaste area of the category, retailers are finding that one or two products are giving them some pricing flexibility and allowing them to build up some of the eroding margins in that area. Tooth-

paste sales totaled \$126 million in 1990, according to Nielsen Marketing Research.

Aside from the tooth whiteners, which have dazzled the market, retailers cite Arm & Hammer baking soda-based products as a good niche area.

Buyer Pat McCafferty stocks seven SKUs of the product at RxPlus. "It's a product with strong differentiation and the manufacturer does aggressive promotion," he said.

"Arm & Hammer was a nice surprise," said Rick Cabral, buyer at Indianapolis, Ind.-based Reliable Drug Stores, Inc. "It's not as price sensitive as the other toothpastes so we can make a nice margin." Cabral is also doing well with private label toothpaste. In fact, he says it's the top seller at Reliable, followed closely by Crest, then Colgate. "We're not making anything on branded toothpaste," he said. "At least on private label, we can make a few dollars."

Crest's newest product, Neat Squeeze, a cross between a pump and a squeeze, has been selling well at Perry Drug Stores since it was introduced in March, according to buyer Pam Nyberg. Horton & Converse's Koon said the product had outperformed other toothpastes by 25 percent since it was added two months ago.

Accessories show promise

Sales of mouthwash aren't booming the way they were three years ago. In fact, Plax 24-ounce and Viadent 30-ounce were the only SKUs in the segment that did not lose market share in 1990.

Some retailers are finding that by adding dental accessories to their mixes, they can pick up incremental sales. RxPlus' McCafferty has added tools for plaque removal, gum stimulating devices, stimulator refills, and flossers to the mix—all items in the \$2 range—and has done very well with them. ■

Toothbrush sales expected to grow

Toothbrush sales may flourish in the next few months when some new products—backed by heavy consumer advertising—enter the market.

Johnson & Johnson Consumer Products will introduce an Advanced Reach product which flexes more during brushing, allowing consumers to guide the brush into hard-to-reach areas. More flexibility seems to be the newest brush product differentiation—Plax now has a new toothbrush designed to extend consumers' reach, and Beecham plans to introduce a new brush under the Aqua Fresh label that will have a springing action near the head of the brush.

Perhaps the most interesting new product is Oral-B Laboratories' Indicator, a product that "tells" consumers when it should be replaced. The brush includes a

few rows of blue bristles which lose their coloration with use. Priced similarly to other Oral-B products at about \$2.50, the brushes were shipped during the last two months and are in stores now.

Oral-B expects its newest product to increase turns and stimulate profits in an already high margin category. Buyer Paige Ilderton said that at Raleigh, N.C.-based Kerr Drugs, toothbrushes are pulling a 33 to 36 percent margin.

The manufacturer hopes that the built-in indicator, combined with the heavy consumer advertising which broke last month urging consumers to comply with the American Dental Association's recommendation for replacing toothbrushes every three months, will increase sales. Studies show that consumers now replace their toothbrushes once every nine months. ■